

Image Project Order File Cover Page

XHVZE

This page identifies those items that were not scanned during the initial production scanning phase. They are available in the original file, may be scanned during a special rescan activity or are viewable by direct inspection of the file.

0 059

Order File Identifier

Organizing (done)

☒ Two-sided



☐ Rescan Needed



RESCAN

DIGITAL DATA

OVERSIZED (Scannable)

☐ Color Items:

☐ Diskettes, No.

☐ Maps:

☐ Greyscale Items:

☐ Other, No/Type:

☐ Other Items Scannable by
a Large Scanner

☐ Poor Quality Originals:

OVERSIZED (Non-Scannable)

☐ Other:

☐ Logs of various kinds:

☐ Other::

NOTES:

BY: Maria

Date: 3/31/10

/s/

MP

Project Proofing



BY: Maria

Date: 3/31/10

/s/

MP

Scanning Preparation

_____ x 30 = _____ + _____ = TOTAL PAGES 93

BY: Maria

Date: 3/31/10

(Count does not include cover sheet)

/s/

MP

Production Scanning



Stage 1 Page Count from Scanned File: 94 (Count does include cover sheet)

Page Count Matches Number in Scanning Preparation: ☒ YES ☐ NO

BY: Maria

Date: 3/31/10

/s/

MP

Stage 1 If NO in stage 1, page(s) discrepancies were found: _____ YES ☐ NO ☐

BY: Maria

Date:

/s/

Scanning is complete at this point unless rescanning is required.



ReScanned



BY: Maria

Date:

/s/

Comments about this file:

Quality Checked



INDEX OTHER ORDER NO. 59

Suspended Well Regulations

- | | |
|----------------------|--|
| 1. September 1, 2009 | Notice of Hearing, Additional regulations information |
| 2. October 15, 2009 | Public Hearing Transcript |
| 3. October 28, 2009 | Public Meeting Minutes |
| 4. January 28, 2010 | Final regulations, pertinent attachments |
| 5. February 18, 2010 | Attorney review memo |
| 6. March 5, 2010 | Regulations waiver of suspended wells |
| 7. ----- | Amended regulations, bulk mailing list, e-mail list, order
certifying changes |

Other Order No. 59

#7

Amended Regulations Dealing with Suspended Wells

The Alaska Oil and Gas Conservation Commission (Commission) has revised its regulations dealing with suspended well requirements in 20 AAC 25.110(n). The amended regulation clarifies the Commission's authority and provides explicit criteria for granting waivers. The Lieutenant Governor signed and filed the regulation changes on March 16, 2010, with an effective date of April 15, 2010.

For further information or to obtain a copy of the amended regulations, contact Jody Colombie at (907) 793-1221, fax (907) 276-7542, or e-mail jody.colombie@alaska.gov.

20 AAC 25.110(n) is amended to read:

(n) Upon written request of the operator, the commission may modify a deadline in this section upon a showing of good cause, approve a variance from any other requirement of this section if the variance provides at least an equally effective means of complying with the requirement, or approve a waiver of a requirement of this section if the waiver will not promote waste, is based on sound engineering and geoscience principles, will not jeopardize the ultimate recovery of hydrocarbons, will not jeopardize correlative rights, and will not result in an increased risk to health, safety, or the environment, including freshwater. (Eff. 4/2/86, Register 97; am 11/7/99, Register 152; am 11/19/2008, Register 188; am 04/15/2010, Register 194)

Authority: AS 31.05.030

AS 31.05.040

AS 31.05.095

Mary Jones
XTO Energy, Inc.
Cartography
810 Houston Street, Ste 2000
Ft. Worth, TX 76102-6298

Jerry Hodgden
Hodgden Oil Company
408 18th Street
Golden, CO 80401-2433

Schlumberger
Drilling and Measurements
2525 Gambell Street #400
Anchorage, AK 99503

Ivan Gillian
9649 Musket Bell Cr.#5
Anchorage, AK 99507

Jack Hakkila
PO Box 190083
Anchorage, AK 99519

Kenai National Wildlife Refuge
Refuge Manager
PO Box 2139
Soldotna, AK 99669-2139

Richard Wagner
PO Box 60868
Fairbanks, AK 99706

David McCaleb
IHS Energy Group
GEPS
5333 Westheimer, Ste 100
Houston, TX 77056

Richard Neahring
NRG Associates
President
PO Box 1655
Colorado Springs, CO 80901

Ciri
Land Department
PO Box 93330
Anchorage, AK 99503

Jill Schneider
US Geological Survey
4200 University Dr.
Anchorage, AK 99508

Darwin Waldsmith
PO Box 39309
Ninilchick, AK 99639

Penny Vadla
399 West Riverview Avenue
Soldotna, AK 99669-7714

Bernie Karl
K&K Recycling Inc.
PO Box 58055
Fairbanks, AK 99711

George Vaught, Jr.
PO Box 13557
Denver, CO 80201-3557

Mark Wedman
Halliburton
6900 Arctic Blvd.
Anchorage, AK 99502

Baker Oil Tools
4730 Business Park Blvd., #44
Anchorage, AK 99503

Gordon Severson
3201 Westmar Cr.
Anchorage, AK 99508-4336

James Gibbs
PO Box 1597
Soldotna, AK 99669

Cliff Burglin
319 Charles Street
Fairbanks, AK 99701

North Slope Borough
PO Box 69
Barrow, AK 99723

Mailed 5/23/10

Colombie, Jody J (DOA)

From: Colombie, Jody J (DOA)
Sent: Monday, March 22, 2010 3:30 PM
To: Aubert, Winton G (DOA); Ballantine, Tab A (LAW); Brooks, Phoebe; Crisp, John H (DOA); Darlene Ramirez; Davies, Stephen F (DOA); Fisher, Samantha J (DOA); Foerster, Catherine P (DOA); Grimaldi, Louis R (DOA); Johnson, Elaine M (DOA); Jones, Jeffery B (DOA); Laasch, Linda K (DOA); Mahnken, Christine R (DOA); Maunder, Thomas E (DOA); McIver, Bren (DOA); McMains, Stephen E (DOA); Noble, Robert C (DOA); Norman, John K (DOA); Okland, Howard D (DOA); Paladijczuk, Tracie L (DOA); Pasqual, Maria (DOA); Regg, James B (DOA); Roby, David S (DOA); Saltmarsh, Arthur C (DOA); Scheve, Charles M (DOA); Schwartz, Guy L (DOA); Seamount, Dan T (DOA); 'Aaron Gluzman'; Bettis, Patricia K (DNR); caunderwood@marathonoil.com; 'Dale Hoffman'; Frédéric Grenier; 'Gary Orr'; Jerome Eggemeyer; 'Joe Longo'; 'Lamont Frazer'; Marc Kuck; 'Mary Aschoff'; Maurizio Grandi; Ostrovsky, Larry Z (DNR); P Bates; Randy Hicks; Richard Garrard; 'Sandra Lemke'; 'Scott Nash'; Talib Syed; 'Tiffany Stebbins'; 'Wayne Wooster'; 'Willem Vollenbrock'; 'William Van Dyke'; Woolf, Wendy C (DNR); (foms2@mtaonline.net); (michael.j.nelson@conocophillips.com); (Von.L.Hutchins@conocophillips.com); alaska@petrocalc.com; Anna Raff; Barbara F Fullmer; bbritch; Becky Bohrer; Bill Walker; Bowen Roberts; Brad McKim; Brady, Jerry L; Brandon Gagnon; Brandow, Cande (ASRC Energy Services); Brian Gillespie; Brian Havelock; Bruce Webb; carol smyth; Charles O'Donnell; Chris Gay; Cliff Posey; Crandall, Krissell; Dan Bross; dapa; Daryl J. Kleppin; David Boelens; David House; David Steingreaber; 'ddonkel@cfl.rr.com'; Deborah J. Jones; doug_schultze; Elowe, Kristin; Evan Harness; eyancy; Francis S. Sommer; Fred Steece; Garland Robinson; Gary Laughlin; Gary Rogers; Gary Schultz; ghammons; Gordon Pospisil; Gorney, David L.; Gregg Nady; gspfoff; Hank Alford; Harry Engel; Jdarlington (jarlington@gmail.com); Jeff Jones; Jeffery B. Jones (jeff.jones@alaska.gov); Jerry McCutcheon; Jim White; Jim Winegarner; Joe Nicks; John Garing; John S. Haworth; John Spain; John Tower; John W Katz; Jon Goltz; Joseph Darrigo; Julie Houle; Kari Moriarty; Kaynell Zeman; Keith Wiles; Larry Ostrovsky; Laura Silliphant; Marilyn Crockett; Mark Dalton; Mark Hanley (mark.hanley@anadarko.com); Mark Kovac; Mark P. Worcester; Marquerite kremer; 'Michael Dammeyer'; Michael Jacobs; Mike Bill; Mike Mason; Mikel Schultz; Mindy Lewis; MJ Loveland; mjnelson; mkm7200; nelson; Nick W. Glover; NSK Problem Well Supv; Patty Alfaro; Paul Decker (paul.decker@alaska.gov); PORHOLA, STAN T; Rader, Matthew W (DNR); Raj Nanvaan; Randall Kanady; Randy L. Skillern; Rob McWhorter; rob.g.dragnich@exxonmobil.com; Robert A. Province (raprovince@marathonoil.com); Robert Campbell; Roberts, Susan M.; Rudy Brueggeman; Scott Cranswick; Scott, David (LAA); Shannon Donnelly; Sharmaine Copeland; Shellenbaum, Diane P (DNR); Slemons, Jonne D (DNR); Sondra Stewman; Steve Lambert; Steve Moothart; Steven R. Rossberg; Suzanne Gibson; tablerk; Tamera Sheffield; Taylor, Cammy O (DNR); Ted Rockwell; Temple Davidson; Teresa Imm; Terrie Hubble; Thor Cutler; Tina Grovier; Todd Durkee; Tony Hopfinger; trmj1; Walter Featherly; Williamson, Mary J (DNR); Winslow, Paul M; David Johnson
Subject: Post Hearing Notice Suspended Wells 20 AAC 25.110(n)
Attachments: Final Suspended Wells Regulation.doc; Post Hearing Notice Suspended Wells.doc

Jody J. Colombie
Special Assistant
Alaska Oil and Gas Conservation Commission
333 West 7th Avenue, Suite 100
Anchorage, AK 99501
(907)793-1221 (phone)
(907)276-7542 (fax)

Colombie, Jody J (DOA)

From: Clark, Scott M (GOV)
Sent: Tuesday, March 16, 2010 3:34 PM
To: Pearson, Robert L (DOA)
Cc: Cramer, John W (GOV); Clark, Scott M (GOV); Behr, Deborah E (LAW); Miller, Linda J (LAW); Weaver, Steven C (LAW); Messing, Kevin J (LAW); Pound, Jim (LAA); Colombie, Jody J (DOA)
Subject: Regulations Filed: JU2009200921
Attachments: JU2009200921.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

On 3/16/2010, Lieutenant Governor Craig E. Campbell filed regulations (**JU2009200921**) from the Alaska Oil and Gas Conservation Commission re: **Waiver of Suspended Well Requirements** (20 AAC 25.110(n)).

The effective date of the regulations is **4/15/2010**, and the regulations will be published in **Register 194, July 2010**.

The filing certification and regulation text are attached.

Thank you,

Scott Clark
Special Assistant
Office of Lieutenant Governor Craig E. Campbell

240 Main Street, Room 301
Juneau, Alaska 99801
PHONE: 907.465.4081
FAX: 907.465.5400

scott.clark@alaska.gov
ltgov.alaska.gov

Craig E. Campbell
Lieutenant Governor
State Capitol
Juneau, Alaska 99811
907.465.3520 465.5400 Fax
WWW.LTGOV.ALASKA.GOV




530 West 7th Ave, Suite 1700
Anchorage, Alaska 99501
907.269.7460 269.0263
LT.GOVERNOR@ALASKA.GOV

OFFICE OF THE LIEUTENANT GOVERNOR
ALASKA

MEMORANDUM

TO: Robert Pearson, AAC Contact
Department of Administration

FROM: Scott Clark
Special Assistant
907.465.4081 

DATE: March 16, 2010

RE: Filed Permanent Regulations: Alaska Oil and Gas Conservation Commission
Waiver of Suspended Well Requirements: 20 AAC 25.110(n)

Attorney General File:	JU2009200921
Regulation Filed:	3/16/2010
Effective Date:	4/15/2010
Print:	194, July 2010

cc with enclosures: Linda Miller, Department of Law
Jim Pound, Administrative Regulation Review Committee
Judy Herndon, LexisNexis
Jody Colombie, DOA,

ORDER CERTIFYING THE CHANGES TO
REGULATIONS OF ALASKA OIL AND GAS CONSERVATION
COMMISSION

The attached 1 page of regulations, dealing with suspended wells under 20 AAC 25, is certified to be a correct copy of the regulation changes that the Alaska Oil and Gas Conservation Commission adopted at its October 28, 2009 meeting, under the authority of AS 31.05.030 and AS 31.05.040 and in compliance with the Administrative Procedure Act (AS 44.62), including the notice provisions (AS 44.62.190 and AS 44.62.200) and opportunity for public comment provision (AS 44.62.210).

This action is not expected to require an increased appropriation.

There were no public comments presented to the Alaska Oil and Gas Conservation Commission and it does not anticipate any costs to private persons for the regulatory action being taken.

As provided in AS 44.62.180, the subject regulation changes take effect on the 30th day after they are filed by the lieutenant governor.

DATE: January 28, 2010
Anchorage



Daniel T. Seamount, Jr.
Chair

✓ Scott Clark for FILING CERTIFICATION

I, Craig E. Campbell, Lieutenant Governor for the State of Alaska, certify that on

March 16, 2010 at 11:11 a. .m., I filed the attached regulations according to the provisions of AS 44.62.040 – 44.62.120.

Scott Clark for
Lieutenant Governor
Craig E. Campbell

Effective: April 15, 2010

Register: 194, July 2010

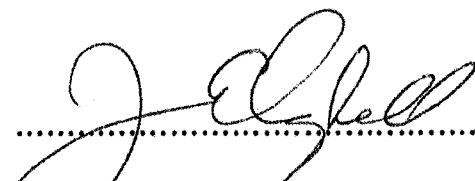
FOR DELEGATION OF THE LIEUTENANT GOVERNOR'S AUTHORITY

I, CRAIG E. CAMPBELL, LIEUTENANT GOVERNOR OF THE STATE OF ALASKA, designate the following state employee to perform the Administrative Procedures Act filing functions of the Office of the Lieutenant Governor:

SCOTT CLARK, Special Assistant

**IN TESTIMONY WHEREOF, I have
signed and affixed the Seal of the State of
Alaska, at Juneau, on
February 23, 2010.**




.....
**CRAIG E. CAMPBELL
LIEUTENANT GOVERNOR**

20 AAC 25.110(n) is amended to read:

(n) Upon written request of the operator, the commission may modify a deadline in this section upon a showing of good cause, approve a variance from any other requirement of this section if the variance provides at least an equally effective means of complying with the requirement, or approve a waiver of a requirement of this section if the waiver will not promote waste, is based on sound engineering and geoscience principles, will not jeopardize the ultimate recovery of hydrocarbons, will not jeopardize correlative rights, and will not result in an increased risk to health, safety, or the environment, including freshwater. (Eff.

4/2/86, Register 97; am 11/7/99, Register 152; am 11/19/2008, Register 188; am
04 / 15 / 2010, Register 194

↳
The period should
not be underlined
or boldface

Authority: AS 31.05.030

AS 31.05.040

AS 31.05.095

#6

MEMORANDUM

State of Alaska

Department of Law

RECEIVED

TO: Daniel T. Seamount, Jr., Chair
Alaska Oil and Gas Conservation
Commission

DATE: March 5, 2010

FILE NO.: JU2009200921

MAR 11 2010

TELEPHONE NO.: 465-3600

Alaska Oil & Gas Cons. Commission
Anchorage

FROM: Steven C. Weaver 
Assistant Attorney General
Legislation/Regulations Section--Juneau

SUBJECT: Regulations re: waiver of
suspended well requirements
(20 AAC 25.110(n))

Under AS 44.62.060, we have reviewed the attached amendment of these regulations by the Alaska Oil and Gas Conservation Commission, and approve the changes for filing by the lieutenant governor. I have reviewed this project under a specific delegation dated March 5, 2010 from the Regulations Attorney. A duplicate original of this memorandum is being furnished to the lieutenant governor, along with the one page of regulations and the related documents.

You might wish to contact the lieutenant governor's office to confirm the filing date and effective date of the attached regulation changes.

The September 3, 2009 public notice and the January 28, 2010 certification order both state that this action is not expected to require an increased appropriation. Therefore, a fiscal note under AS 44.62.195 is not required.

In accordance with AS 44.62.125(b)(6), some corrections have been made in the regulations, as shown on the attached copy.

SCW

cc w/enc: Robert Pearson, Special Assistant & Regulations Contact
Department of Administration

Jody Colombie
Alaska Oil and Gas Conservation Commission

Thomas Ballantine
Assistant Attorney General
Oil, Gas & Mining Section--Anchorage

MEMORANDUM

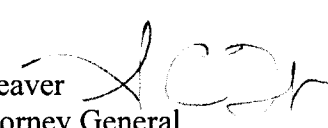
State of Alaska Department of Law

TO: Hon. Craig E. Campbell
Lieutenant Governor

DATE: March 5, 2010

FILE NO.: JU2009200921

TELEPHONE NO.: 465-3600

FROM: Steven C. Weaver 
Assistant Attorney General
Legislation/Regulations Section--Juneau

SUBJECT: Regulations re: waiver of
suspended well requirements
(20 AAC 25.110(n))

We have reviewed the attached regulations from the Alaska Oil and Gas Conservation Commission. I have reviewed this project under a specific delegation dated March 5, 2010 from the Regulations Attorney. A duplicate of this memorandum is being furnished to the commission chair, Daniel T. Seamount, Jr., along with a copy of the regulations.

The Department of Law has reviewed the attached regulations against the statutory standards of the Administrative Procedure Act. Based upon our review, we find no legal problems. This memorandum and the attached duplicate memorandum dated March 5, 2010 constitute the written statement of approval under AS 44.62.060(b) and (c) that authorizes your office to file the attached regulations.

The regulation changes were adopted by the Alaska Oil and Gas Conservation Commission after the close of the public comment period. The regulations establish provisions and conditions under which the Alaska Oil and Gas Conservation Commission may waive requirements relating to suspended wells.

The certification order for the regulations states that this action is not expected to require an increased appropriation. Therefore, a fiscal note under AS 44.62.195 is not required.

We have made a few technical corrections to conform the regulations with the drafting manual under AS 44.62.060 and 44.62.125. The corrections are shown on the attached copy of the regulations.

SCW

cc w/enc:

Daniel T. Seamount, Jr., Chair
Alaska Oil & Gas Conservation Commission

20 AAC 25.110(n) is amended to read:

(n) Upon written request of the operator, the commission may modify a deadline in this section upon a showing of good cause, approve a variance from any other requirement of this section if the variance provides at least an equally effective means of complying with the requirement, or approve a waiver of a requirement of this section if the waiver will not promote waste, is based on sound engineering and geoscience principles, will not jeopardize the ultimate recovery of hydrocarbons, will not jeopardize correlative rights, and will not result in an increased risk to health, safety, or the environment, including freshwater. (Eff.

4/2/86, Register 97; am 11/7/99, Register 152; am 11/19/2008, Register 188; am
____/____/____, Register ____)

↳
The period should
not be underlined
or boldface

Authority: AS 31.05.030

AS 31.05.040

AS 31.05.095

#5

MEMORANDUM

State of Alaska Department of Law

To: Deborah Behr
Chief Assistant Attorney General
Section Supervisor
Legislation and Regulations Section

Date: February 18, 2010

Tel. No.: 269-5255

A.G. File No: JU0009200921

Steven Weaver
Assistant Attorney General
Legislation and Regulations

From: Thomas Ballantine
Assistant Attorney General
Oil, Gas & Mining Section

Re: Regulations Review: Amendments
to Suspended Well Regulations, 20
AAC 25.110(n)

AGENCY-ATTORNEY REVIEW MEMORANDUM

The Alaska Oil and Gas Conservation Commission ("Commission") has adopted amendments to subsection (n) of 20 AAC 25.110, governing suspended wells.

On September 3, 2009 the Commission provided notice of proposed changes to the suspended wells regulations in 20 AAC 25.110(n) by 1) publishing in a newspaper of general circulation or trade publication, 2) furnishing the proposed changes to interested persons and the appropriate state officials, 3) transmitting the proposed changes to incumbent state legislators, 4) furnishing the proposed changes to the Legislative Affairs Agency, and 5) posting the proposed changes on the Alaska Online Public Notice System. On October 15, 2009, in accordance with the notice published, a hearing was held at which oral testimony was received. No written comments were received.

At its October 28, 2009 meeting the Commission unanimously adopted the proposed amendments to 20 AAC 25.110(n).

The proposed amendments to the suspended wells regulations reasonably and clearly achieve objectives within the Commission's statutory mandate to regulate the "drilling, producing and plugging" of oil and gas wells, and to protect the correlative rights of persons owning interests in the tracts of land affected by oil and gas drilling.

Under 20 AAC 25.110 the Commission has the authority to allow an operator to suspend rather than complete or plug and abandon a well. The requirements for approval

of a request to suspend a well, rigorous and detailed, are not appropriate to every situation. While the Commission has the implicit authority to grant waivers in appropriate circumstances, the amendment to 20 AAC 25.110(n) clarifies the Commission's authority and provides explicit criteria for the grant of such waivers.

The amendment to 20 AAC 25.110(n) was adopted under the authority of the Alaska Oil and Gas Conservation Act (AS 31.05), is consistent with state and federal statutory and constitutional law and Commission regulations (20 AAC 25), and was adopted in accordance with the requirements of the Administrative Procedure Act (AS 44.62) and the Department of Law's drafting manual for administrative regulations.

The regulation is ready for filing.

#4

MEMORANDUM

STATE OF ALASKA


ALASKA OIL AND GAS CONSERVATION COMMISSION

TO: Regulations Attorney
Legislation/Regulations Section
Department of Law

DATE: January 28, 2010

SUBJECT: AG File No. JU2009200921
Request for Legal Review
of Regulations Project on
Suspended Wells
20 AAC 25.110(n)

FROM: Daniel T. Seamount, Jr., Chair
Regulations Contact
Department of Administration



We are requesting approval of the attached final regulation which will allow the Commission explicit flexibility to vary or waive the existing well suspension requirements. The Commission adopted these changes on October 28, 2009.

Enclosed are the following documents:

1. original and one copy of the final regulations;
2. original signed and dated certification order;
3. original public notices;
4. original additional regulations notice information form distributed with the notice;
5. original publisher's affidavit's of publication;
6. original affidavit of notice;
7. original affidavit of oral hearing;
8. original affidavit of commission action;
9. excerpt from approved minutes from the October 28, 2009 meeting;

We worked with Assistant Attorney General Thomas Ballantine on this project.

Upon completing your review, please forward the regulations to the lieutenant governor for filing. In accordance with AS 44.62.180, the regulation changes will take effect on the 30th day after filing.

20 AAC 25.110(n) is amended to read:

(n) Upon written request of the operator, the commission may modify a deadline in this section upon a showing of good cause, approve a variance from any other requirement of this section if the variance provides at least an equally effective means of complying with the requirement, or approve a waiver of a requirement of this section if the waiver will not promote waste, is based on sound engineering and geoscience principles, will not jeopardize the ultimate recovery of hydrocarbons, will not jeopardize correlative rights, and will not result in an increased risk to health, safety, or the environment, including freshwater. (Eff.

4/2/86, Register 97; am 11/7/99, Register 152; am 11/19/2008, Register 188; am

____/____/____, Register ____)

Authority: AS 31.05.030

AS 31.05.040

AS 31.05.095

20 AAC 25.110(n) is amended to read:

(n) Upon written request of the operator, the commission may modify a deadline in this section upon a showing of good cause, approve a variance from any other requirement of this section if the variance provides at least an equally effective means of complying with the requirement, or approve a waiver of a requirement of this section if the waiver will not promote waste, is based on sound engineering and geoscience principles, will not jeopardize the ultimate recovery of hydrocarbons, will not jeopardize correlative rights, and will not result in an increased risk to health, safety, or the environment, including freshwater. (Eff.

4/2/86, Register 97; am 11/7/99, Register 152; am 11/19/2008, Register 188; am

____/____/____, Register ____)

Authority: AS 31.05.030

AS 31.05.040

AS 31.05.095

ORDER CERTIFYING THE CHANGES TO
REGULATIONS OF ALASKA OIL AND GAS CONSERVATION
COMMISSION

The attached 1 page of regulations, dealing with suspended wells under 20 AAC 25, is certified to be a correct copy of the regulation changes that the Alaska Oil and Gas Conservation Commission adopted at its October 28, 2009 meeting, under the authority of AS 31.05.030 and AS 31.05.040 and in compliance with the Administrative Procedure Act (AS 44.62), including the notice provisions (AS 44.62.190 and AS 44.62.200) and opportunity for public comment provision (AS 44.62.210).

This action is not expected to require an increased appropriation.

There were no public comments presented to the Alaska Oil and Gas Conservation Commission and it does not anticipate any costs to private persons for the regulatory action being taken.

As provided in AS 44.62.180, the subject regulation changes take effect on the 30th day after they are filed by the lieutenant governor.

DATE: January 28, 2010
Anchorage



Daniel T. Seamount, Jr.
Chair

FILING CERTIFICATION

I, Craig E. Campbell, Lieutenant Governor for the State of Alaska, certify that on _____, 2010 at _____ .m., I filed the attached regulations according to the provisions of AS 44.62.040 – 44.62.120.

Lieutenant Governor

Effective: _____.

Register: _____.

NOTICE OF PROPOSED CHANGES IN THE
REGULATIONS OF THE
ALASKA OIL AND GAS CONSERVATION COMMISSION

The Alaska Oil and Gas Conservation Commission (AOGCC) proposes to adopt regulation changes to Title 20 of the Alaska Administrative Code, dealing with the annular disposal of drilling waste (20 AAC 25.080) and suspended wells (20 AAC 25.110). On May 22, 2009, AOGCC published a notice of proposed changes to 20 AAC 25.080; because of substantive changes to the proposed changes, AOGCC is re-noticing them, fully revising (*i.e.*, repealing and readopting) 20 AAC 25.080 as follows:

1. modify the aquifer exemption for the disposal of drilling waste to require that the operator apply for and the U.S. EPA grant the exemption;
2. modify the information that must be submitted with an annular disposal application;
3. modify the limitations and conditions applicable to annular disposal;
4. add a provision for requesting variances and waivers; and
5. delete subsection (i) to recognize AOGCC's authority to regulate annular disposal in water wells associated with oil or gas exploration or production.

In addition, AOGCC proposes to add to 20 AAC 25.110(n) the opportunity for variances and waivers.

Written comments on the proposed regulation changes, including the potential costs of compliance, may be submitted to AOGCC at 333 West 7th Ave., Suite 100, Anchorage, AK 99501. The comments must be received by 5:00 p.m. on October 9, 2009.

Written and/or oral comments may be submitted at a hearing to be held on October 15, 2009, at 333 West 7th Ave., Suite 100, Anchorage, AK. The hearing will be held from 9:00 a.m. to 11:00 a.m. and might be extended to accommodate those present before 9:30 a.m. who did not have an opportunity to comment.

If, because of a disability, a special accommodation is needed to participate in this process, please contact the Commission's Special Assistant, Jody Colombie, at 907-793-1221; 333 West 7th Ave., Suite 100, Anchorage, AK 99501; or jody.colombie@alaska.gov. Ms. Colombie must be contacted by October 6, 2009, at 5:00 p.m. to ensure that necessary accommodations can be provided.

The proposed regulation changes are available at www.aogcc.alaska.gov or by contacting Ms. Colombie at the phone number, physical address, or e-mail address above.

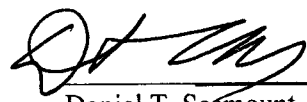
After the public comment period ends, AOGCC will adopt, without notice, these or other provisions dealing with the same subjects or decide to take no action. The language of the proposed and final regulations may be different. **YOU SHOULD COMMENT DURING THE TIME ALLOWED IF YOUR INTERESTS COULD BE AFFECTED.** Written comments are subject to public inspection.

Statutory Authority: AS 31.05.030; AS 31.05.040; AS 31.05.095

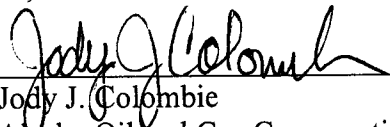
Statutes Being Implemented, Interpreted, or Made Specific: AS 31.05.030; AS 31.05.040; AS 31.05.095

Fiscal Information: The proposed regulation changes are not expected to require an increased appropriation.

DATE: 9/11/9


Daniel T. Seamount, Jr.
Chair

ADDITIONAL REGULATIONS NOTICE INFORMATION
(AS 44.62.190(d))

1. Adopting agency: Alaska Oil and Gas Conservation Commission.
2. General subject of regulations: annular disposal of drilling waste and suspended wells.
3. Citation of regulations: 20 AAC 25.080 and 20 AAC 25.110(n).
4. Reason for the proposed action: update the annular disposal of drilling waste regulations and add opportunities for variances and waivers to the suspended wells regulations.
5. Program category and BRU affected: Alaska Oil and Gas Conservation Commission.
6. Cost of implementation to the state agency: zero.
7. The name of the contact person for the regulations:
Name: Daniel T. Seamount, Jr.
Title: Chair
Address: 333 W. 7th Avenue, Suite 100, Anchorage, AK 99501
Telephone: (907) 793-1221
E-mail: jody.colombie@alaska.gov
8. The origin of the proposed action: agency staff.
9. Date: September 1, 2009.
10. Prepared by: 
Jody J. Colombie
Alaska Oil and Gas Conservation Commission
(907) 793-1221

STOF 0330
681668
\$424.96

AFFIDAVIT OF PUBLICATION

STATE OF ALASKA
THIRD JUDICIAL DISTRICT

Jennifer Brown
being first duly sworn on oath
deposes and says that she is
a representative of the
Anchorage Daily News, a
daily newspaper. That said
newspaper has been approved
by the Third Judicial Court,
Anchorage, Alaska, and it now
and has been published in the
English language continually as a
daily newspaper in Anchorage,
Alaska, and it is now and during
all said time was printed in an
office maintained at the aforesaid
place of publication of said
newspaper. That the annexed is
a copy of an advertisement as it
was published in regular issues
(and not in supplemental form)
of said newspaper on

September 03, 2009

and that such newspaper was
regularly distributed to its
subscribers during all of said
period. That the full amount of
the fee charged for the foregoing
publication is not in excess of
the rate charged private individuals.

Signed

Subscribed and sworn to before

me this 7th day of December

2009

Notary Public in and for

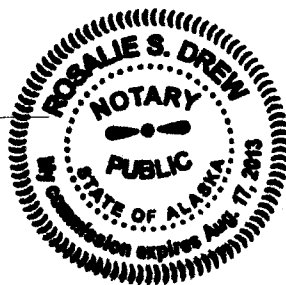
The State of Alaska.

Third Division

Anchorage, Alaska

MY COMMISSION EXPIRES

8/17/13



NOTICE OF PROPOSED CHANGES IN THE REGULATIONS OF THE ALASKA OIL AND GAS CONSERVATION COMMISSION

The Alaska Oil and Gas Conservation Commission (AOGCC) proposes to adopt regulation changes to Title 20 of the Alaska Administrative Code, dealing with the annular disposal of drilling waste (20 AAC 25.080) and suspended wells (20 AAC 25.110). On May 22, 2009, AOGCC published a notice of proposed changes to 20 AAC 25.080; because of substantive changes to the proposed changes, AOGCC is re-noticing them, fully revising (i.e., repealing and readopting) 20 AAC 25.080 as follows:

1. modify the aquifer exemption for the disposal of drilling waste to require that the operator apply for and the U.S. EPA grant the exemption;
2. modify the information that must be submitted with an annular disposal application;
3. modify the limitations and conditions applicable to annular disposal;
4. add a provision for requesting variances and waivers; and
5. delete subsection (i) to recognize AOGCC's authority to regulate annular disposal in water wells associated with oil or gas exploration or production.

In addition, AOGCC proposes to add to 20 AAC 25.110(n) the opportunity for variances and waivers.

Written comments on the proposed regulation changes, including the potential costs of compliance, may be submitted to AOGCC at 333 West 7th Ave., Suite 100, Anchorage, AK 99501. The comments must be received by 5:00 p.m. on October 9, 2009.

Written and/or oral comments may be submitted at a hearing to be held on October 15, 2009, at 333 West 7th Ave., Suite 100, Anchorage, AK. The hearing will be held from 9:00 a.m. to 11:00 a.m. and might be extended to accommodate those present before 9:30 a.m. who did not have an opportunity to comment.

If, because of a disability, a special accommodation is needed to participate in this process, please contact the Commission's Special Assistant, Jody Colombie, at 907-793-1221; 333 West 7th Ave., Suite 100, Anchorage, AK 99501; or jody.colombie@alaska.gov. Ms. Colombie must be contacted by October 6, 2009, at 5:00 p.m. to ensure that necessary accommodations can be provided.

The proposed regulation changes are available at www.aogcc.alaska.gov or by contacting Ms. Colombie at the phone number, physical address, or e-mail address above.

After the public comment period ends, AOGCC will adopt, without notice, these or other provisions dealing with the same subjects or decide to take no action. The language of the proposed and final regulations may be different. YOU SHOULD COMMENT DURING THE TIME ALLOWED IF YOUR INTERESTS COULD BE AFFECTED. Written comments are subject to public inspection.

Statutory Authority: AS 31.05.030; AS 31.05.040; AS 31.05.095

Statutes Being Implemented, Interpreted, or Made Specific: AS 31.05.030; AS 31.05.040; AS 31.05.095

Fiscal Information: The proposed regulation changes are not expected to require an increased appropriation.

DATE: September 1, 2009
Daniel T. Seamount, Jr.
Chair

ADDITIONAL REGULATIONS NOTICE INFORMATION (AS 44.62.190(d))

1. Adopting agency: Alaska Oil and Gas Conservation Commission.

2. General subject of regulations: annular disposal of drilling waste and suspended wells.

3. Citation of regulations: 20 AAC 25.080 and 20 AAC 25.110(n).

4. Reason for the proposed action: update the annular disposal of drilling waste regulations and add opportunities for variances and waivers to the suspended wells regulations.

5. Program category and BRU affected: Alaska Oil and Gas Conservation Commission.

6. Cost of implementation to the state agency: zero.

7. The name of the contact person for the regulations:

Name: Daniel T. Seamount, Jr.
Title: Chair
Address: 333 W. 7th Avenue, Suite 100,
Anchorage, AK 99501
Telephone: (907) 793-1221
E-mail: jody.colombie@alaska.gov

8. The origin of the proposed action: agency staff.

9. Date: September 1, 2009.

10. Prepared by:
Jody J. Colombie
Alaska Oil and Gas Conservation Commission
(907) 793-1221

AO-03014009
Published: September 3, 2009

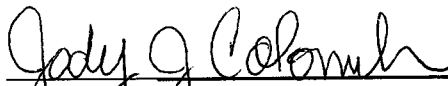
STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

AFFIDAVIT OF ORAL HEARING

I, Jody J. Colombie, Special Assistant to the Alaska Oil and Gas Conservation Commission, being sworn, state the following:

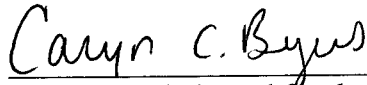
On October 15, 2009, at 9:00 a.m., at 333 West 7th Avenue, Suite 100, Anchorage, Alaska, a public hearing presided over by Acting Chair John K. Norman, Commissioner, was held in accordance with AS 44.62.210 for the purpose of receiving testimony regarding changes to 20 AAC 25.110(n), dealing with suspended well regulations.

DATE: February 24, 2010
 Anchorage

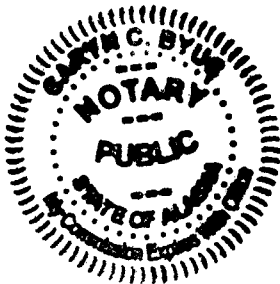


Jody J. Colombie
Special Assistant to the Commission

SUBSCRIBED AND SWORN TO before me this 24th day of February, 2010.



Notary Public in and for the
State of Alaska
My commission expires: with the voice



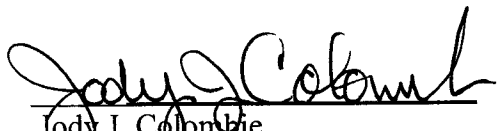
STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

AFFIDAVIT OF COMMISSION ACTION

I, Jody J. Colombie, Special Assistant to the Alaska Oil and Gas Conservation Commission,
being sworn, state the following:

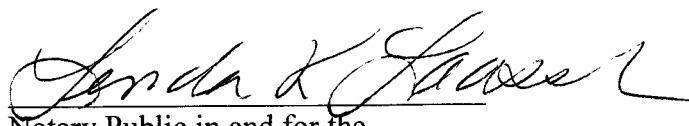
The attached motion, dealing with suspended well changes, was passed by the Alaska Oil and
Gas Conservation Commission during its October 28, 2009 meeting.

Date: January 28, 2010
 Anchorage



Jody J. Colombie
Special Assistant to the Commission

SUBSCRIBED AND SWORN TO before me this 28th day of January 2010.



Notary Public in and for the
State of Alaska
My commission expires: 11/11/2010

ALASKA OIL AND GAS CONSERVATION COMMISSION MEETING
October 28, 2009 approved Minutes

Commissioner John K. Norman moved and Commissioner Cathy P. Foerster seconded the following motion:

“I move to adopt the attached draft amendment to 20 AAC 25.110(n).”

The motion carried unanimously.

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

AFFIDAVIT OF NOTICE OF PROPOSED ADOPTION OF REGULATIONS
AND FURNISHING OF ADDITIONAL INFORMATION

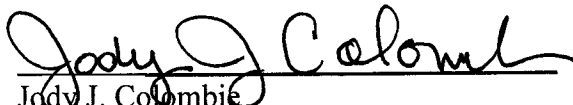
I, Jody J. Colombie, Special Assistant to the Alaska Oil and Gas Conservation Commission, being sworn, state the following:

As required by AS 44.62.190, notice of the proposed adoption of changes to 20 AAC 25.110(n), dealing with suspended wells, was given by being

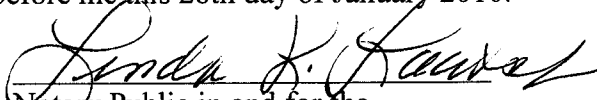
- (1) published in a newspaper or trade publication;
- (2) furnished to interested persons as shown on the attached list;
- (3) furnished to appropriate state officials;
- (4) furnished to the Department of Law, along with a copy of the proposed regulations;
- (5) electronically transmitted to incumbent State of Alaska legislators;
- (6) furnished to the Legislative Affairs Agency, Legislative Library;
- (7) posted on the Alaska Online Public Notice System, as required by AS 44.62.175(a)(1) and (b) and AS 44.62.190(a)(1);
- (8) furnished electronically, along with a copy of the proposed regulations, to the Legislative Affairs Agency, the chairs of the Senate Resources Committee and House Special Committee of Oil and Gas, the Administrative Regulation Review Committee, and the Legislative Council.

As required by AS 44.62.190(d), additional regulations notice information regarding the proposed adoption of the regulation changes described above was furnished to interested persons as shown on the attached list and those in (5) and (6) of the list above. The additional regulations notice information was posted on the Alaska Online Public Notice System.

DATE: January 28, 2010
Anchorage


Jody J. Colombie
Special Assistant to the Commission

SUBSCRIBED AND SWORN TO before me this 28th day of January 2010.


Notary Public in and for the
State of Alaska
My commission expires: 11/11/2010

Colombie, Jody J (DOA)

From: Colombie, Jody J (DOA)
Sent: Thursday, September 03, 2009 4:36 PM
To: 'Legislative Affairs Agency'; McGuire, Lesil L (LAA); Wielechowski, Bill (LAA); Huggins, Charlie (LAA); Johnson, Craig W (LAA); Neuman, Mark A (LAA); Keller, Wes (LAA); Donny Olson; Bettye J Davis; John Harris
Subject: Public Notice, Additional Information and Proposed Regulations - Annular Disposal and Suspended Wells
Attachments: Public Notice, Additional Regulations, Amended Regulations 9-1-09.pdf

The Alaska Oil and Gas Conservation Commission (AOGCC) proposes to adopt regulation changes to Title 20 of the Alaska Administrative Code, dealing with the annular disposal of drilling waste (20 AAC 25.080) and suspended wells (20 AAC 25.110). On May 22, 2009, AOGCC published a notice of proposed changes to 20 AAC 25.080; because of substantive changes to the proposed changes, AOGCC is re-noticing them, fully revising (*i.e.*, repealing and readopting) 20 AAC 25.080 as follows:

1. modify the aquifer exemption for the disposal of drilling waste to require that the operator apply for and the U.S. EPA grant the exemption;
2. modify the information that must be submitted with an annular disposal application;
3. modify the limitations and conditions applicable to annular disposal;
4. add a provision for requesting variances and waivers; and
5. delete subsection (i) to recognize AOGCC's authority to regulate annular disposal in water wells associated with oil or gas exploration or production.

In addition, AOGCC proposes to add to 20 AAC 25.110(n) the opportunity for variances and waivers.

*Jody J. Colombie
Special Assistant
Alaska Oil and Gas Conservation Commission
333 West 7th Avenue, Suite 100
Anchorage, AK 99501
(907)793-1221 (phone)
(907)276-7542 (fax)*

SERVICE LIST FOR PROPOSED AMENDMENTS TO 20 AAC 25.080

On September 1, 2009, I mailed to the following individuals the public notice of proposed amendments to 20 AAC 25.080 and 20 AAC 25.100, additional regulations notice information, and proposed regulations:

Annette Kreitzer
Commissioner
Department of Administration
PO Box 110200
Juneau, AK 99811

Legislative Legal and Research Services
Legislative Affairs Agency
State Capitol
Juneau, AK 99801
Mail Stop: 3101

Senator Lesil McGuire, Co-Chair
Senate Resources Committee
716 W. 4th Ave. Suite 430
Anchorage AK, 99501-2133

Senator Bill Wielechowski, Co-Chair
Senate Resources Committee
716 W 4th Ave # 540
Anchorage, AK 99501

Senator Charlie Huggins, Vice-Chair
Senate Resources Committee
600 E. Railroad Avenue
Wasilla AK, 99654

Representative Craig Johnson, Co-Chair
House Resources Committee
716 W. 4th Ave. Suite 640
Anchorage AK, 99501-2133

Representative Mark Neuman, Co-Chair
House Resources Committee
600 E. Railroad Avenue
Wasilla AK, 99654

Representative Wes Keller, Chair
Administrative Regulation Review
600 E. Railroad Avenue
Wasilla AK, 99654

Senator Donald Olson, Vice-Chair
Administrative Regulation Review
716 W. 4th Ave. Suite 560
Anchorage AK, 99501-2133

Senator Bettye Davis, Vice-Chair
Legislative Council
716 W. 4th Ave. Suite 400
Anchorage AK, 99501-2133

Representative John Harris, Chair
Legislative Council
716 W. 4th Ave. Suite 600
Anchorage AK, 99501-2133

On September 1, 2009, I mailed to the following individual the public notice of proposed amendments to 20 AAC 25.080 and 20 AAC 25.100, additional regulations notice information, and proposed regulations:

Debra Behr
Chief Assistant Attorney General
Legislation and Regulations Section
Department of Law
PO Box 110300
Juneau, AK 99811

Mary Jones
XTO Energy, Inc.
Cartography
810 Houston Street, Ste 2000
Ft. Worth, TX 76102-6298

George Vaught, Jr.
PO Box 13557
Denver, CO 80201-3557

Mark Wedman
Halliburton
6900 Arctic Blvd.
Anchorage, AK 99502

Baker Oil Tools
4730 Business Park Blvd., #44
Anchorage, AK 99503

Gordon Severson
3201 Westmar Cr.
Anchorage, AK 99508-4336

James Gibbs
PO Box 1597
Soldotna, AK 99669

Richard Wagner
PO Box 60868
Fairbanks, AK 99706

North Slope Borough
PO Box 69
Barrow, AK 99723

David McCaleb
IHS Energy Group
GEPS
5333 Westheimer, Ste 100
Houston, TX 77056

Jerry Hodgden
Hodgden Oil Company
408 18th Street
Golden, CO 80401-2433

Schlumberger
Drilling and Measurements
2525 Gambell Street #400
Anchorage, AK 99503

Ivan Gillian
9649 Musket Bell Cr.#5
Anchorage, AK 99507

Jack Hakkila
PO Box 190083
Anchorage, AK 99519

Kenai National Wildlife Refuge
Refuge Manager
PO Box 2139
Soldotna, AK 99669-2139

Cliff Burglin
PO Box 70131
Fairbanks, AK 99707

Cindi Walker
Tesoro Refining and Marketing Co.
Supply & Distribution
300 Concord Plaza Drive
San Antonio, TX 78216

Richard Neahrng
NRG Associates
President
PO Box 1655
Colorado Springs, CO 80901

Ciri
Land Department
PO Box 93330
Anchorage, AK 99503

Jill Schneider
US Geological Survey
4200 University Dr.
Anchorage, AK 99508

Darwin Waldsmith
PO Box 39309
Ninilchick, AK 99639

Penny Vadla
399 West Riverview Avenue
Soldotna, AK 99669-7714

Bernie Karl
K&K Recycling Inc.
PO Box 58055
Fairbanks, AK 99711

Mailed 9/1/09

Colombie, Jody J (DOA)

From: Colombie, Jody J (DOA)
Sent: Tuesday, September 01, 2009 1:53 PM
Subject: Public Notice, Additional Information and Proposed Regulations - Annular Disposal and Suspended Wells
Attachments: Public Notice, Additional Regulations, Amended Regulations 9-1-09.pdf

BCC:Ballantine, Tab A (LAW); 'Tohan.Ankur@epamail.epa.gov'; 'Aaron Gluzman'; caunderwood@marathonoil.com; 'Dale Hoffman'; Fridiric Grenier; 'Gary Orr'; Jerome Eggemeyer; 'Joe Longo'; 'Lamont Frazer'; Marc Kuck; 'Mary Aschoff'; Maurizio Grandi; P Bates; Richard Garrard; 'Sandra Lemke'; 'Scott Nash'; 'Steve Virant'; 'Wayne Wooster'; 'Willem Vollenbrock'; 'William Van Dyke'; Woolf, Wendy C (DNR); 'Anna Raff'; 'Barbara F Fullmer'; 'bbritch'; 'Bill Walker'; 'Brad McKim'; 'Brandon Gagnon'; 'Brian Gillespie'; 'Brian Havelock'; 'Brit Lively'; 'Bruce Webb'; 'buonoje'; 'Cammy Taylor'; 'Cande.Brandow'; 'carol smyth'; 'Charles O'Donnell'; Chris Gay; 'Cliff Posey'; 'Dan Bross'; 'dapa'; 'Daryl J. Kleppin'; 'David Brown'; 'David Gorney'; David House; 'David L Boelens'; 'David Steingreaber'; 'ddonkel'; Deborah Jones; Decker, Paul L (DNR); 'doug_schultze'; 'Eric Lidji'; 'Evan Harness'; 'eyancy'; 'foms2@mtaonline.net'; 'Francis S. Sommer'; 'Fred Steece'; 'Garland Robinson'; 'Gary Laughlin'; 'Gary Rogers'; 'Gary Schultz'; 'ghammons'; 'Gordon Pospisil'; 'Gregg Nady'; 'gspffoff'; 'Hank Alford'; 'Harry Engel'; 'jah'; 'Janet D. Platt'; 'jejones'; 'Jerry Brady'; 'Jerry McCutcheon'; 'Jim Arlington'; 'Jim White'; 'Jim Winegarner'; 'Joe Nicks'; 'John Garing'; 'John S. Haworth'; 'John Spain'; 'John Tower'; 'John W Katz'; 'Jon Goltz'; Joseph Darrigo; 'Julie Houle'; 'Kari Moriarty'; 'Kaynell Zeman'; 'Keith Wiles'; knelson@petroleumnews.com; 'Krissell Crandall'; 'Kristin Elowe'; 'Laura Silliphant'; 'mail=akpratts@acsalaska.net'; 'mail=foms@mtaonline.net'; 'Marilyn Crockett'; 'Mark Dalton'; 'Mark Hanley'; 'Mark Kovac'; 'Mark P. Worcester'; 'Marquerite kremer'; Melanie Brown; 'Michael Nelson'; 'Mike Bill'; 'Mike Jacobs'; 'Mike Mason'; 'Mikel Schultz'; 'Mindy Lewis'; 'MJ Loveland'; 'mjnelson'; 'mkm7200'; 'Nick W. Glover'; NSK Problem Well Supv; NSU, ADW Well Integrity Engineer; 'Patty Alfaro'; 'Paul Winslow'; Rader, Matthew W (DNR); Raj Nanvaan; 'Randall Kanady'; 'Randy L. Skillern'; 'Rob McWhorter'; rob.g.dragnich@exxonmobil.com; 'Robert Campbell'; 'Robert Province'; 'Rudy Brueggeman'; 'Sandra Pierce'; 'Scott Cranswick'; 'Shannon Donnelly'; 'Sharmaine Copeland'; Shellenbaum, Diane P (DNR); Slemmons, Jonne; 'Sondra Stewman'; 'Sonja Frankllin'; 'Stan Porhola'; 'stanekj'; 'Steve Lambert'; 'Steve Moothart'; 'Steven R. Rossberg'; 'tablerk'; 'Tamera Sheffield'; 'Temple Davidson'; Teresa Imm; 'Terrie Hubble'; Thompson, Nan G (DNR); 'Tim Lawlor'; 'Todd Durkee'; Tony Hopfinger; 'trmjrl'; 'Walter Featherly'; Walter Quay; Aubert, Winton G (DOA); Birnbaum, Alan J (LAW); Crisp, John H (DOA); Darlene Ramirez; Davies, Stephen F (DOA); Fleckenstein, Robert J (DOA); Foerster, Catherine P (DOA); Grimaldi, Louis R (DOA); Johnson, Elaine M (DOA); Jones, Jeffery B (DOA); Laasch, Linda K (DOA); Mahnken, Christine R (DOA); Maunder, Thomas E (DOA); McIver, Bren (DOA); McMains, Stephen E (DOA); Noble, Robert C (DOA); Norman, John K (DOA); Okland, Howard D (DOA); Paladijczuk, Tracie L (DOA); Pasqual, Maria (DOA); Regg, James B (DOA); Roby, David S (DOA); Saltmarsh, Arthur C (DOA); Scheve, Charles M (DOA); Schwartz, Guy L (DOA); Seamount, Dan T (DOA); Austerman, Alan; Buch, Bob (LAA); Bunde, Con (LAA); Cathy Munoz (Representative_Cathy_Engstrom_Munoz@legis.state.ak.us); Chenault, Mike (LAA); Cissna, Sharon (LAA); Coghill, John (LAA); Crawford, Harry (LAA); Dahlstrom, Nancy (LAA); Davis, Bettye J (LAA); Doogan, Mike (LAA); Dyson, Fred (LAA); Edgmon, Bryce E (LAA); Egan, Dennis W (LAA); Ellis, Johnny (LAA); Fairclough, Anna (LAA); 'Foster, Richard'; French, Hollis (LAA); Gara, Les (LAA); Gardner, Berta (LAA); Gatto, Carl (LAA); Gruenberg, Max F (LAA); Guttenberg, David (LAA); Harris, John (LAA); Hawker, Mike (LAA); Herron, Bob; Hoffman, Lyman F (LAA); Holmes, Lindsey (LAA); Huggins, Charlie (LAA); Johansen, Kyle B (LAA); Johnson, Craig W (LAA); Joule, Reggie (LAA); Kawasaki, Scott Jw (LAA); Keller, Wes (LAA); Kelly, Mike (LAA); Kerttula, Beth (LAA); kevin meyer; Kookesh, Albert (LAA); Lynn, Bob (LAA); McGuire, Lesil L (LAA); Menard, Linda K; Millett, Charisse; Neuman, Mark A (LAA); Olson, Donny (LAA); Olson, Kurt E (LAA); Paskvan, Joe; Petersen, Pete; Ramras, Jay B (LAA); Salmon, Woodie W (LAA); Seaton, Paul (LAA); Stedman, Bert K (LAA); Stevens, Gary L (LAA); Stoltze, Bill (LAA); Therriault, Gene (LAA); Thomas, Bill (LAA); Thomas, Joe (LAA); Tuck, Chris; Wagoner, Tom (LAA); Wielechowski, Bill (LAA); Wilson, Peggy A (LAA)

Attachments:Public Notice, Additional Regulations, Amended Regulations 9-1-09.pdf;

The Alaska Oil and Gas Conservation Commission (AOGCC) proposes to adopt regulation changes to Title 20 of the Alaska Administrative Code, dealing with the annular disposal of drilling waste (20 AAC 25.080) and suspended wells (20 AAC 25.110). On May 22, 2009, AOGCC published a notice of proposed changes to 20 AAC 25.080; because of substantive changes to the proposed changes, AOGCC is re-noticing them, fully revising (*i.e.*, repealing and readopting) 20 AAC 25.080 as follows:

1. modify the aquifer exemption for the disposal of drilling waste to require that the operator apply for and the U.S. EPA grant the exemption;
2. modify the information that must be submitted with an annular disposal application;
3. modify the limitations and conditions applicable to annular disposal;
4. add a provision for requesting variances and waivers; and
5. delete subsection (i) to recognize AOGCC's authority to regulate annular disposal in water wells associated with oil or gas exploration or production.

In addition, AOGCC proposes to add to 20 AAC 25.110(n) the opportunity for variances and waivers.

Jody J. Colombie
Special Assistant
Alaska Oil and Gas Conservation Commission
333 West 7th Avenue, Suite 100
Anchorage, AK 99501
(907)793-1221 (phone)
(907)276-7542 (fax)

3

OCTOBER 28, 2009 at 9:00 a.m. - Public Meeting

ATTENDEES:

Dan Seamount	Chair
John Norman	Commissioner
Cathy Foerster	Commissioner
Jody Colombie	Special Assistant
Tracie Paladijczuk	Administrative Officer
Winton Aubert	Reservoir Engineer
Howard Okland	Petroleum Geologist Assistant
Tab Ballantine	Assistant Attorney General
Kara Moriarty	AOGA

SEAMOUNT: I'd like to call this meeting to order. Today is Wednesday, October 28th, 2009, the time is 9:05 a.m. This is the regular monthly public meeting being held at the offices of the Alaska Oil & Gas Conservation Commission at 333 West Seventh Avenue, Suite 100, Anchorage, Alaska.

I am Dan Seamount, the Chair of the AOGCC. To my left is Commissioner Cathy Foerster and to my right is Commissioner John Norman. There is a quorum present for the conduct of legal business.

We'll take a look at the agenda. The first item will be our normal approval of the agenda which includes approval of the September, 2009 minutes. And I don't believe we've looked at that yet, have we?

COLOMBIE: No, there's a new agenda. There was no public meeting in September.

SEAMOUNT: Okay. Looks like I've got an updated agenda here. Sorry about that. Okay. The second thing on the agenda is unfinished business, the third would be new business and that would include the monthly report, discussion and voting on the new regulation 20 AAC 25.110(n), discussion and adoption of a compensation policy for some of our exempt staff and finally opportunity for public comment.

Commissioner Norman moved for the approval of the agenda as stated, Commissioner Foerster seconded and the motion passed unanimously.

OLD BUSINESS

There is no unfinished business.

NEW BUSINESS

TEAM ACTIVITY REPORT

Mr. Oakland is the Commission's Petroleum Geologist Assistant and has been tasked with preparing the weekly and monthly reports.

OAKLAND:

Chairman Seamount and Commissioner Foerster attended the annual IOGCC meeting in Biloxi, Mississippi.

Commissioner Norman attended a meeting of the Export Resources Council.

Commissioner Foerster attended a meeting with the Division of Oil & Gas concerning the dual agency oversight of Naknek #1 geothermal well.

Commissioner Norman continues to work on the Geologic Materials Center.

Chairman Seamount attended a meeting of the Ultra Deep Water Advisory Committee.

The Commission met with Suncor regarding Cook Inlet and North Slope natural gas issues.

Average oil production rates for September, 2009 were 652,088 barrels per day, down 10.3 percent from August, 2009 and down 4 percent from September, 2008. In general the changes are due to planned maintenance.

In response to a question from Commissioner Norman, Ms. Colombie will report on the retention schedule at the next meeting.

Chairman Seamount commented on the IOGCC meeting. Governor Parnell gave a speech at the meeting. Two resolutions voted on at the business meeting would affect Alaska. One was a resolution in support of the North Slope gas pipeline and the other was in support of opening ANWR to drilling exploration.

Commissioner Foerster attended a GWPC meeting to plan what to do about the DOE grant for building a data base on hydraulic fracturing information. The CO of Devon Energy was informed that he has an orphaned well in Alaska. Devon Energy has no interest in operating a well in Alaska and has committed to P&A

the well. This will save the State approximately \$500,000.

DISCUSSION AND VOTE ON PROPOSED CHANGES TO 20 AAC 25.110(n)

Commissioner Norman moved to approve the changes proposed to 20 AAC 25.110(n). Commissioner Foerster seconded.

Commissioner Norman stated that the issue has been fully vetted at the last hearing and that it is ripe for approval.

Chairman Seamount called the question and the motion passed unanimously.

DISCUSSION OF COMPENSATION POLICY

PALADIJCZUK:

Pay increments do not apply to exempt employees unless the employing agency adopts a policy that provides for them which the Commission has not done. It is recommended that the Commission adopt a compensation policy that provides for pay increments for its exempt staff that are in line with other State agencies. The policy recommended for adoption by the Commission was implemented by the Department of Administration January 1st, 2009 under 39.27.011(h) and (i).

Commissioner Norman moved for the adoption of this policy, Commissioner Foerster seconded and the motion passed unanimously.

PUBLIC COMMENT

SEAMOUNT:

Are there any members of the public who wish to offer comments or testimony?

No public comment.

(Meeting adjourned - 9:35 a.m.)

APPROVED BY CHAIR:

Dan Seamount, Chair

#2

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

ALASKA OIL AND GAS CONSERVATION COMMISSION

Before Commissioners:

Daniel T. Seamount, Chairman
Cathy Foerster
John K. Norman

In the Matter of the Proposed)
Changes in the Regulations of)
the Alaska Oil & Gas)
Conservation Commission)
_____)

ALASKA OIL and GAS CONSERVATION COMMISSION
Anchorage, Alaska

October 15, 2009
9:00 o'clock a.m.

VOLUME I
PUBLIC HEARING

BEFORE:

John K. Norman, Acting Chairman
Cathy Foerster, Commissioner

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

TABLE OF CONTENTS

Opening remarks by Chairman Norman	03
Testimony by Winton Aubert	06
Testimony by Kara Moriarty	11
Testimony by Harry Engel	11
Testimony by Randal Buckendorf	18

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 P R O C E E D I N G S

2 (On record - 9:00 a.m.)

3 CHAIRMAN NORMAN: Good morning. I'll call this hearing to
4 order. This is a hearing that's been convened to consider
5 proposed amendments to the annular disposal of drilling waste
6 and the suspended well regulations of the Alaska Oil and Gas
7 Conservation Commission. This hearing is being held on the
8 morning of October 15th, at the hour of 9:00 o'clock a.m. at
9 the Thomas R. Marshall Hearing Room in the Commission's offices
10 at 333 West Seventh Avenue, Anchorage, Alaska. To my left is
11 Commissioner Cathy Foerster, I'm John Norman. A quorum is
12 present and we will proceed with business before us.

13 If there are any persons here who may have a need for a
14 special accommodation in order to participate in these
15 proceedings such as something to assist you in either hearing
16 or seeing, please see the Commission's Special Assistant Jody
17 Colombie, she's seated in the back of the room and we will do
18 our best to accommodate you.

19 R & R Court Reporting will be recording this proceeding.
20 Upon completion and preparation of a transcript, any person
21 desiring a copy will be able to obtain it by contacting R & R
22 Court Reporting or alternatively you can contact the
23 Commission's Special Assistant and she'll facilitate your
24 getting a copy.

25 We've a few persons who've indicated an intention to

R & R COURT REPORTERS

 811 G STREET
 (907)277-0572/Fax 274-8982

 ANCHORAGE, ALASKA 99501

1 testify this morning and so I will remind all of you that when
2 you do testify you'll need to come forward and speak into the
3 microphones. There are two microphones, they're both affixed
4 together. One is for purposes of amplification and the other
5 is for purposes of facilitating the court reporter's work in
6 creating a transcript.

7 It is the Commission's practice to swear witnesses that do
8 testify and we will follow that practice. Also if you intend
9 to be testifying as an expert witness on a particular subject
10 then we ask that you briefly explain your background and your
11 experience so that we will be able to gauge whether you do fall
12 into the category of an expert witness.

13 The Alaska Oil & Gas Conservation Commission is proposing
14 to amend Title 20, Chapter 25, Section 080 of the
15 Administrative Code dealing with annular disposal of waste and
16 also the section of the code dealing with suspended wells, that
17 being 20 AAC 25.110. On May 22nd, 2009 the Commission first
18 published a notice of proposed changes to Section 080. On
19 September 1st of 2009 because of substantive changes and edits
20 that were done to the proposed changes, the Commission
21 renoticed the proposed regulations with the intention of
22 revising -- fully revising which would be repealing and
23 readopting Section 20 or correction, Title 20, 25.080 of the
24 Alaska Administrative Code. The specific changes will be
25 addressed later by staff. In addition, the Commission as

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 indicated proposed to amend 20 AAC 25.110, subsection (n) which
2 deals with suspended wells so as to add an opportunity for
3 applicants to obtain variances and waivers.

4 The notice of this hearing has been duly published in the
5 Anchorage Daily News. The file does contain an affidavit of
6 publication, any persons desiring to see it can see the
7 Commission's Special Assistant. Also notice of this hearing
8 has been posted on the State of Alaska online notices website
9 as well as on the AOGCC's own website.

10 This hearing is -- will be conducted in accordance with
11 the Commission's general hearing regulations and in accordance
12 with the Alaska Administrative Procedures Act, Alaska Statute
13 44.62.

14 We have a sign in sheet available. If any of you are here
15 and you wish to testify and you haven't yet signed the sheet,
16 see the Commission's Special Assistant who is seated in the
17 rear of the room.

18 I will ask now if Commissioner Foerster has any
19 preliminary comments before we proceed?

20 COMMISSIONER FOERSTER: No. Thanks for asking.

21 CHAIRMAN NORMAN: Very well. We'll first take up the
22 proposed amendment to the suspended well regulation. That's
23 Section 110, Subsection (n) and we will have discussion on that
24 and consider any comments. And then following that we will
25 next take up the proposed amendment to the annular disposal

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 regulation.

2 Dr. Aubert, I believe you will be presenting for the
3 Commission, is that correct? Could you come forward then and
4 for the record, please, state your name and your position here
5 with the Commission.

6 WINTON AUBERT
7 called as a witness on behalf of the AOGCC, testified as
8 follows on:

9 DIRECT EXAMINATION

10 DR. AUBERT: For the record I'm Winton Aubert, Senior
11 Engineer on Commission Staff.

12 CHAIRMAN NORMAN: You may go ahead and proceed with an
13 explanation as to what has brought about the perceived need for
14 this change.

15 DR. AUBERT: Our first proposed change is to Regulation
16 Section 110 as Commissioner Norman elucidated, entitled
17 Suspended Wells. This proposed change will allow the
18 Commission explicit flexibility to vary or waive the existing
19 well suspension requirements. The explicit flexibility was we
20 believe inadvertently removed from then existing regulations
21 during a 2008 rewrite of Section 110. We believe that enacting
22 this proposed change would impose no additional regulatory
23 burden on industry.

24 Does the panel have questions or further discussion?

25 CHAIRMAN NORMAN: Commissioner Foerster?

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 COMMISSIONER FOERSTER: I have none.

2 CHAIRMAN NORMAN: Very well. I think this appears to be a
3 very straightforward change affecting only the very last
4 subsection of the regulations. And as I understand your
5 explanation it adds the opportunity for applicants to obtain
6 waivers and variances under this particular subsection. I do
7 not and have not seen in the file any specific comments or
8 opposition to this. If there are any persons that filed
9 particularly any opposition we would ask you to let us know
10 since the record doesn't reflect any written comments on this.

11 Very well. Thank you, Dr. Aubert. I'll ask now are there
12 any other persons present who wish to testify on this proposed
13 amendment to Section 110 of the regulations? Okay. For the
14 record the Chair sees no one asking to be recognized and
15 accordingly we will take this then as submitted to the
16 Commissioners and a decision will be forthcoming, probably at
17 our next public meeting.

18 We'll next turn to the subject of an amendment to
19 Subsection 080. Commissioner Foerster, do you have any
20 preliminary comments regarding this section?

21 COMMISSIONER FOERSTER: I have comments, but I'll save
22 them for later.

23 CHAIRMAN NORMAN: Very well. Dr. Aubert, I believe you
24 are also presenting on this section so, please, proceed.

25 DR. AUBERT: Our proposed repeal and readoption of Section

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 080 entitled Annual Disposal of Drilling Waste, is upon the
2 Commission's motion to clarify the language and improve the
3 logical order of the existing regulation. Before the
4 Commission is actually a renoticed proposal that we believe
5 addresses the U.S. Environmental Protection Agency's concern
6 that AOGCC regulations not conflict with federal law.

7 Proposed changes to the existing Section 080 include
8 explicit requirements for limiting the time duration of actual
9 annular disposal to 90 days within a one year approval window,
10 for a receiving well schematic, for plats of all disposal
11 interval penetrations within the one quarter mile area of
12 review around the receiving well, for lists of well operators
13 and surface owners within the quarter mile area review, for a
14 shallow seismic data interpretation, for proposed waste slurry
15 density, for results of a fluid injectivity test, for a
16 salinity determination of all waters penetrated by the
17 receiving wellbore, for continuous monitoring of physical
18 injection parameters, for unusual incident report filing within
19 10 working days, and for modified filing timing for the report
20 of annular disposal.

21 Further proposed changes to the existing Section 080 are
22 inclusion of explicit flexibility for Commission approved
23 variances and waivers and for waste injection into freshwater
24 the requirement of a U.S. EPA aquifer exemption.

25 Finally we propose recognizing the Commission's authority

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 to regulate annular disposal in water wells associated with oil
2 or gas exploration and production, such as water source wells.
3 This water well oversight was excluded from Commission
4 responsibility in the 1999 regulations.

5 With respect to aspects of our proposed regulation changes
6 falling under Commission oversight, we expect a relatively
7 minor change in regulatory burden will result. We're not
8 prepared to comment at this time on the regulatory burden
9 effect of our proposed EPA oversight provision.

10 Does the panel have questions or discussion.

11 CHAIRMAN NORMAN: Commissioner Foerster.

12 COMMISSIONER FOERSTER: I don't have any questions and I'm
13 going to hold my comments for later.

14 CHAIRMAN NORMAN: I think the changes that have been set
15 forth, noticed and then as indicated renoticed, they are
16 understood. Some of this -- the renoticing is in reaction to
17 correspondence and comments received from the EPA, federal EPA.

18 I think, Dr. Aubert, at this point if you would remain
19 available I think we'll now go to public comment.

20 Are there members of the public -- I should indicate for
21 the record that we have received written comments from both the
22 Alaska Oil and Gas Association and ConocoPhillips Alaska, Inc.,
23 concerning the proposed amendment to the annular disposal
24 drilling waste regulations. Those comments have been reviewed
25 by the Commissioners and you may -- so it won't be necessary

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 for you to formally introduce those as they're already in the
2 record. Are there any persons now who wish to offer testimony
3 or comments?

4 MS. MORIARTY: We'll be a team.

5 CHAIRMAN NORMAN: Pardon.

6 MS. MORIARTY: We're a team.

7 CHAIRMAN NORMAN: Okay. Why don't you -- why don't --
8 let's have the team come forward.

9 MS. MORIARTY: Good morning. For the record my name is
10 Kara Moriarty and I serve as the Deputy Director of the Alaska
11 Oil and Gas Association. And on behalf of AOGA and our AOGCC
12 Task Group we appreciate the ability to provide written comment
13 as well as testify today on the proposed regulations as
14 Commissioner Norman stated, 20 AAC 25.080.

15 CHAIRMAN NORMAN: Ms. Moriarty, without interrupting you I
16 think what we'll do is swear you both just.....

17 MS. MORIARTY: Okay.

18 CHAIRMAN NORMAN:to get that done. If you'd both
19 raise your right hands.

20 (Oath administered)

21 MS. MORIARTY: Yes.

22 MR. ENGEL: Yes, I do.

23 CHAIRMAN NORMAN: Thank you. Now please proceed, Ms.
24 Moriarty.

25 KARA MORIARTY

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 called as a witness on behalf of AOGA, testified as follows on:

2 **DIRECT EXAMINATION**

3 MS. MORIARTY: I will be here in the capacity as AOGA
4 staff to introduce our comments that you have received last
5 week as well as introduce Harry Engel, our Chair of our AOGCC
6 task group. With us in the room we also have Randal Buckendorf
7 from BP. He has been with AOGA in various capacities on
8 several of our committees to provide legal input and guidance.
9 And so for the legal aspects we also have Randal in the room.

10 As you know AOGA represents 15 members that account for
11 the majority of our -- of all the oil and gas exploration,
12 development, marketing, refining and transportation activities
13 in the state. We often get this question so I'll answer it
14 before we get the question, we had several of our member
15 companies participate in the compilation of these comments,
16 both from Cook Inlet and the North Slope. We have a couple
17 representatives in the room today, but we did have active
18 participation from Marathon and Chevron and they were unable to
19 join us today. But I just wanted to let you know we got their
20 input from a Cook Inlet perspective as well.

21 So with that I will turn it over to Harry to give the more
22 technical background and share our comments.

23 **HARRY ENGEL**

24 called as a witness on behalf of AOGA, testified as follows on:

25 **DIRECT EXAMINATION**

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 MR. ENGEL: Good morning, Commissioner Norman,
2 Commissioner Foerster. Good to see you again.

3 CHAIRMAN NORMAN: Nice to see you, Mr. Engel.

4 MR. ENGEL: My name is Harry Engel for the record. My day
5 job is engineering team leader with BP in our Alaska drilling
6 and wells organization. This morning I'm representing AOGA as
7 the chairman of the AOGCC Task Group.

8 Would you like to go through my experience, Commissioner
9 Norman?

10 CHAIRMAN NORMAN: Please.

11 MR. ENGEL: Okay.

12 CHAIRMAN NORMAN: Just for the record briefly. You're
13 well known to the Commission, but for this record in this
14 particular hearing we do -- would like to have your background
15 in the record.

16 MR. ENGEL: Yes. I have 29 years of experience, oil and
17 gas experience, with a variety of different roles I've had,
18 including drilling engineering, well site leader roles and some
19 other health and safety management positions within the oil and
20 gas industry. I have worked in most areas in Alaska, also in
21 the Western U.S. and I've had some temporary assignments in --
22 some foreign assignments in China and Indonesia. And I also
23 have two undergraduate engineering degrees.

24 CHAIRMAN NORMAN: Very well. And I think you have
25 previously been qualified by the Commission a number of times.

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 Commissioner Foerster, do you find the witness acceptable?

2 COMMISSIONER FOERSTER: Technically.

3 CHAIRMAN NORMAN: Please proceed, Mr. Engel.

4 MR. ENGEL: Very good. Before I begin with the -- my
5 comments around the annular disposal, I would like to just make
6 a comment that we do support the language that the Commission
7 included in Section 20 AAC 25.110 regarding suspended well
8 regulations allowing for a variance if warranted and necessary.
9 We do think that's a good addition to the regulations.

10 I would also like to make a comment regarding how much we
11 appreciate the support we have from your staff here, helping
12 understand the background and the rationale behind the
13 regulations regarding annular disposal. It was very helpful
14 for us to get that background to help us prepare for our
15 comment that we submitted last week. So I do appreciate that.

16 One thing I wanted to note for the record, as Kara
17 mentioned, we submitted comments last week in a letter dated
18 October 9th. And in that we have two attachments. There's one
19 here I want to note on the October 9th letter at the bottom we
20 mentioned EPA letters dated 1980 and 1987. That should read
21 1988 and 1987. So please note that for the record.

22 Regarding the proposed regulation, there's one area that
23 we'd like to comment on and that is regards to the modification
24 of the aquifer exemptions for disposal of drilling waste. This
25 new requirement is found in Section 25.080(d) as in delta.

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 AOGA committee members believe that this part of the regulation
2 is inconsistent with the documents we attached to our letter
3 dated October 9, that being the memorandum of agreement between
4 the EPA and the AOGCC dated 1991 and also the EPA letters
5 starting with one dated January 8, 1988.

6 Based on information provided in those two documents, AOGA
7 members recommend that that section of the regulation -- we
8 recommend that the Commission consider deleting that proposed
9 regulation, Section (d) in 080. And we have three main reasons
10 why we request the Commission consider deleting that part of
11 the regulation. And the first one is that we believe that the
12 -- as stated in the documents before, that these activities are
13 not regulated under UIC regulations by the EPA. And the second
14 reason is that we believe that timing delays in obtaining an
15 aquifer exemption from the EPA could severely impact an
16 operator who plans to work and seek this kind of approval from
17 the EPA. The third point is regarding the implications that
18 could be imposed for exploration activities that take place
19 especially in remote areas of Alaska such as the Alaska
20 Petroleum Reserve and Foothills Region of the North Slope, also
21 in the Cook Inlet. Unlike many parts of the country these
22 drilling areas, proposed prospects, are remote, isolated areas
23 with no infrastructure, roads or permanent facilities. Without
24 having an aquifer exemption in place in a timely manner for
25 these regions, proposed exploration activities could be

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 impacted, delayed and subject to unnecessary cost associated
2 with waiting for EPA approval for disposal of drilling waste in
3 this area.

4 So basically that's our comment today is around the
5 addition of the changes regarding the requiring an operator to
6 go through EPA to get an aquifer exemption. We feel that the
7 current system as identified in the MOA dated 1991 has been
8 working very well for us and we don't understand the background
9 and the reason for changing that current MOA or just even being
10 changed. So that would help us understand the change to the
11 regulation if the Commission would like to maybe give us some
12 background on that change that we're seeing today with the
13 proposed regulations.

14 CHAIRMAN NORMAN: Certainly. Your -- just a follow-up
15 question though. Your only objection right now is to that
16 particular provision?

17 MR. ENGEL: That's correct.

18 CHAIRMAN NORMAN: And secondly you're not knowledgeable of
19 the comments by EPA related to this particular section?

20 MR. ENGEL: We understood there was some comments from
21 EPA, but we weren't -- the details around those comments in
22 relationship to the current MOA, the new regulations, were not
23 clear to us.

24 CHAIRMAN NORMAN: Okay. And then finally at this point
25 you believe that this doesn't fall under the UIC program, that

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 enacted -- your second point was that if enacted it will cause
2 significant timing delays and thirdly it will create problems
3 for operations in remote areas.....

4 MR. ENGEL: That's correct.

5 CHAIRMAN NORMAN:of Alaska. Okay.

6 MR. ENGEL: That's correct. And, Commissioner Norman,
7 those comments are based upon the current MOA and the EPA
8 documents that have articulated that view for over 20 years.

9 CHAIRMAN NORMAN: Commissioner Foerster?

10 COMMISSIONER FOERSTER: Now's as good as anytime to make
11 my comment. The Commission -- and I had to write it down so I
12 wouldn't deviate from it.

13 The Commission appreciates that this change could prove
14 cumbersome and thus hamper exploration and development of
15 Alaska's hydrocarbon resources. And as much as I'd like to say
16 more, for a change I will take the advice of my mother who said
17 if you can't say something nice don't say anything at all.
18 Thus I will bite my tongue and say no more.

19 All right. That was my little bit of drama.

20 MS. MORIARTY: Commissioner Norman, if you don't mind I
21 believe Mr. Buckendorf would like to add a few more comments on
22 to that section.....

23 CHAIRMAN NORMAN: Please.

24 MS. MORIARTY:if we don't mind.

25 COMMISSIONER FOERSTER: And somewhere in this process is

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 there anyone from the EPA in this room?

2 MR. MAYERS: I am.

3 COMMISSIONER FOERSTER: I think it would be very
4 meaningful to address the questions that BP has asked of the
5 EPA if you're willing and able to address those questions
6 because.....

7 MR. MAYERS: Well, I am here strictly as an observer, I'm
8 not qualified to comment on those.

9 COMMISSIONER FOERSTER: Okay. But did you take the
10 questions down, do you remember what the questions are because
11 I think it would be at a minimum courteous.....

12 MR. MAYERS: Yes.

13 COMMISSIONER FOERSTER: to provide a response to
14 those questions.

15 MR. MAYERS: Absolutely I did.

16 COMMISSIONER FOERSTER: Thank you.

17 MR. MAYERS: Welcome.

18 CHAIRMAN NORMAN: Just so we keep the record clear, the
19 exchange that occurred just now between Commissioner Foerster
20 and the representative of EPA, you are Mr. Tim Mayers, is that
21 correct, sir?

22 MR. MAYERS: Yes, sir.

23 CHAIRMAN NORMAN: Okay. M-a-y-e-r-s of the EPA. And
24 would you mind just stating -- I understand that you're here as
25 an observer and not to testify, but what is your position?

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 MR. MAYERS: My position is environmental scientist at the
2 EPA here in Anchorage. And I've also initiated some UIC
3 inspections shadowing our UIC expert in Seattle.

4 CHAIRMAN NORMAN: Very well. Thank you.

5 Mr. Buckendorf, you also are well known to the Commission,
6 but if you would just briefly state your position?

7 RANDAL BUCKENDORF

8 called as a witness on behalf of AOGA, testified as follows on:

9 DIRECT EXAMINATION

10 MR. BUCKENDORF: Commissioners, my name is Randal
11 Buckendorf, I'm an attorney with BP in Alaska and I've been
12 licensed to practice law in this state for nearly 16 years now.
13 I've worked in the oil and gas industry since 1997 when I began
14 my position as the environmental attorney with ARCO and have
15 now provided legal advice to ARCO, Phillips, ConocoPhillips and
16 BP on every field on the North Slope of Alaska.

17 As Kara mentioned, I've also largely by default been the
18 ad hoc chairman of the legal subcommittee for most of those 12
19 years.

20 We -- with respect to these particular regulations I have
21 been providing legal advice to all of the companies I mentioned
22 that entire time frame on the regulation of underground
23 injection of waste under the Safe Drinking Water Act, under the
24 Resource Conservation Act, both at the federal level and with
25 the Commission's regulations. I also spent two years working

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 with the Commission from -- in 1998 and 1999 with many members
2 that are in this room on the negotiation or renegotiation of
3 the memorandum of agreement. We were trying to update that at
4 that time frame. That stalled and it's still in effect from
5 the original date.

6 We understand from conversations with the Commission that
7 Subsection (d), drilling waste may not be disposed of into any
8 freshwater unless the operator applies for and the United
9 States Environmental Protection Agency grants an aquifer
10 exemption resulted from comments of some nature from EPA. We
11 looked for written comments, could not find them. My
12 understanding is that written comments were not provided. I
13 think Mr. Aubert just confirmed that. It is hard for us to
14 address concerns in the nature of verbal comments we're not
15 aware of those comments. Had written comments been provided by
16 EPA we would be better able to actually look at and respond to
17 those comments. I just state that for the record, we cannot
18 reply to comments that are unknown to us.

19 So the comments we provided basically and I have many
20 other binders of similar guidance documents and comments, the
21 regulation of oil and gas drilling materials from 1984 to 1988
22 was in flux. Congress in enacting the Resource Conservation
23 Recovery Act asked, basically demanded that EPA develop and
24 analyze an extensive document, and this is volume one of five
25 of that document, on a report to Congress on the management of

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 waste from exploration, development and production of oil and
2 gas and geothermal which was a subset of that.

3 That review took many years and it was probably the most
4 critical review for the oil and gas industry that was going on
5 at that particular time frame. Because the single most
6 important issue being addressed at the time was whether oil and
7 gas waste, drilling waste, drilling muds, were exempt from
8 Subtitle C of the Resource Conservation Recovery Act as a solid
9 waste or as a hazardous waste. It was -- it probably was then
10 and still is now the most critical analysis to the oil and gas
11 industry in the history of U.S. EPA oversight of our industry.

12 That -- this document in 1987 also accompanied a review
13 and dialogue that had been going on for many years between the
14 North Slope or Alaska oil and gas operators, the Commission and
15 EPA on basically that same issue, the regulation of drilling
16 waste with respect to underground injection and solid and
17 hazardous waste.

18 What we provided is an example and a clarification of the
19 fact that in its reports to Congress EPA clarified that --
20 confirmed which waste under RCRA were exempt and which were
21 nonexempt. It confirmed that drilling fluids, produced waters
22 and other waste intrinsically associated with, and that's
23 important, with the exploration, development or production of
24 crude oil or natural gas was -- those are exempt under RCRA
25 Subtitle (c).

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 That is also critical when looking at the Safe Drinking
2 Water Act. The Safe Drinking Water Act regulates the
3 underground injection of wastes. The discussions that were
4 ongoing in 1987 and 1988 between the industry, the Commission
5 and EPA was whether or not the annular injection of drilling
6 muds and cuttings into the annulus of a well was regulated
7 under either RCRA or the Safe Drinking Water Act. It was
8 important because we were trying to get away from the putting
9 in place reserve pits and that's been hugely effective and we
10 were confirming that we did not need to seek Class II injection
11 wells authorizations basically for the very drilling of a well
12 if we were going to pump mud and cuttings back down the annulus
13 of the well.

14 And EPA -- the issue in the state of Alaska was being
15 worked in some of the letters we've provided, was largely led
16 by an ARCO attorney by the name of Bill Christen (ph), William
17 T. Christen. I'm sure Commissioner Foerster and Commissioner
18 Norman remember him. He came to ARCO from EPA and he led the
19 effort and he was adamant, he had worked on this document, that
20 the regulation or that there was no regulation under either the
21 Safe Drinking Water Act or RCRA of annular injection. And
22 that's what EPA agreed. And the front cover letter of this is
23 -- and I will read it for the record.

24 As you know, there's been a need for clarification as to
25 whether annular injection of drilling muds is covered under the

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 underground injection control UIC program and that's of the
2 Safe Drinking Water Act. Since the issue has national
3 implications we contacted headquarters for guidance. Basically
4 the guidance states that annular injection of drill muds into
5 an annulus from one or more wells, either at once or over a
6 period of time is not covered by the UIC program. This
7 guidance reenforces the Alaska Oil and Gas Conservation
8 Commission position on the subject.

9 Almost immediately after this 1988 opinion and
10 confirmation from EPA that, in fact, yes, the injection -- the
11 regulation of annular pumping which was the term used at that
12 time, was not regulated under the Safe Drinking Water Act,
13 immediately the 1986 MOA between AOGCC and EPA was amended, it
14 added a new paragraph in. It was the only addendum -- it was
15 the only addition at that time in 1988. Basically what became
16 paragraph 10 of the current MOA, that the annular injection or
17 annular pumping of -- it's now paragraph 12 in the current, the
18 pumping away of drilling muds and precipitation from reserve
19 pits into an exploration or stratigraphic test well into the
20 annulus as approved in accordance with Commission's regulation,
21 is an operation incidental to the drilling of a well and is not
22 a disposal operation subject to regulation as a Class II well.
23 That's been the case for 21 years now.

24 And what the industry has long believed those 21 years is
25 that EPA determined then that the annular injection of drilling

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 muds and cuttings was not a regulated activity under the Safe
2 Drinking Water Act. Basically if it's not a regulated activity
3 then any activities associated with that don't fall under EPA
4 authorizations for the Safe Drinking Water Act, the statute,
5 the regulations that exist that with it or, you know, any of
6 their authorizations and that has been the case for 21 years
7 now. We don't understand EPA's concern over that, we weren't
8 able to, you know, look at any comments on that to be able to
9 address that. If the agency is now rethinking whether the
10 injection of annular muds and cuttings is now subject to Safe
11 Drinking Water Act authority or their regulations, we -- we're
12 interested in that not just in Alaska, but, you know, the
13 entire country.

14 I also have one other issue with Subsection (d) here and
15 that is essentially a delegation by a state agency to enact --
16 to approve an activity by a federal agency. I mean basically
17 it gets to a delegation of authority from a state agency that
18 was directed by, you know, Alaska Legislature to look at taking
19 over the entire authorization of the Safe Drinking Water Act
20 program in Alaska now five years ago and directing industry for
21 the first time in 21 years to suddenly go to EPA for an
22 authorization for a program that it acknowledges it doesn't
23 regulate.

24 So that's basically -- I mean, that's the basic tenants of
25 our concern. And we don't think it's supported by law

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 regardless of the comments that may have come in. It would
2 have been helpful to have written comments to be able to
3 analyze, we didn't have the benefit of them. Thank you.

4 CHAIRMAN NORMAN: Thank you, Mr. Buckendorf. Commissioner
5 Foerster, any questions?

6 COMMISSIONER FOERSTER: I don't have any questions for Mr.
7 Buckendorf, but I'm going to have another question for our EPA
8 rep and the AOGCC staff. Would it -- is there any way that we
9 could reconstruct the comments that EPA provided so that should
10 any of the companies that are affected by this rule change
11 desire to pursue it further they can and that they're not
12 hampered by failure to have the facts. So I'm going to charge
13 you guys with that question, is that something that can be
14 done?

15 MR. MAYERS: Tim Mayers with EPA. I will certainly do
16 what I can to track those down. I don't have access to those,
17 but I will certainly do what I can to find them.

18 COMMISSIONER FOERSTER: Okay. And, Mr. Aubert and Mr. --
19 Dr. Aubert and Mr. Regg, I know it puts a monkey on your back
20 to recreate what somebody said to you, but I want to put that
21 monkey on your back to get with the people at EPA that you had
22 discussions with and get them to agree to some reconstruction
23 of the conversations. Can you do that for me?

24 MR. REGG: (Indiscernible - away from microphone).....

25 COMMISSIONER FOERSTER: Okay.

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 DR. AUBERT: I might address some of that to Assistant
2 Attorney General Ballantine as he was involved with the
3 direct.....

4 COMMISSIONER FOERSTER: Okay. That's great.

5 DR. AUBERT:conversation with EPA also.

6 COMMISSIONER FOERSTER: Okay. I think that's appropriate.

7 CHAIRMAN NORMAN: Just a footnote to that. I think the
8 obvious question that's been identified here is that there is a
9 glaring gap in the record. And I do think that if these
10 regulations are to be promulgated with this there needs to be
11 something in the record. That's just my feeling right now that
12 this has brought into sharper focus, either in the form of some
13 testimony by someone authorized to deliver it on the part of
14 EPA or certainly a letter from an authorized official at EPA
15 advising us of this. So right now the record is silent and I
16 think industry and the people that have testified are really
17 somewhat in the dark about what their hurdle is to respond to.

18 And what I'd like to suggest if there's no objection,
19 Commissioner Foerster, is that we take perhaps about a five to
20 seven minute recess at this point and then we'll come back on
21 the record and see where we go from here.

22 COMMISSIONER FOERSTER: I think that's appropriate.

23 CHAIRMAN NORMAN: We're going to recess for about -- let's
24 say 10 minutes.

25 (Off record)

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 (On record)

2 CHAIRMAN NORMAN: Back on the record at the hour of 9:50
3 a.m. The Commission has taken a 10 minute recess. Mr.
4 Buckendorf, could you return so we have a -- perhaps a question
5 or two. Commissioner Foerster.

6 COMMISSIONER FOERSTER: I had a quick question. In your
7 comments you mentioned national implications. Could you
8 explain what you mean by national implication?

9 MR. BUCKENDORF: Well, not knowing the nature of the
10 concern, if now the EPA is reconsidering its report to Congress
11 and whether or not drilling muds are regulated under RCRA,
12 that's huge. Or whether it's reconsidering whether the annular
13 injection, annular pumping of muds and cuttings is now
14 regulated under the Safe Drinking Water Act, that moves beyond
15 just Alaska, beyond the Alaska North Slope and, you know, to
16 the entire industry. We don't know, there's no written
17 comments in the record, as Mr. Norman stated it's hard for us
18 to hypothesize on what might be under consideration.

19 COMMISSIONER FOERSTER: Thank you for that clarification.
20 That's it.

21 CHAIRMAN NORMAN: That's it. Okay. I don't think, Mr.
22 Buckendorf, we have any more questions of you right now, but I
23 would ask if you'll remain. And let me ask are there any
24 others present who wish to offer any comments or testimony to
25 the Commission? Right. The record should reflect that the

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 Chair sees no one asking to be recognized.

2 What I will propose here and then Commissioner Foerster
3 can indicate whether she concurs, is that as to Section 110 the
4 record does appear to be complete on that. We've received
5 comments, it's been duly noticed so I'm going to suggest that
6 first that as to that particular section we consider that
7 submitted to the Commission, we will rework it and at our next
8 public meeting then we will take some action on that one way or
9 the other.

10 COMMISSIONER FOERSTER: I agree.

11 CHAIRMAN NORMAN: Then turning now to Section 080, annular
12 disposal of drilling waste, it is apparent that the record is
13 not complete on this. And consequently what the Commission
14 will do, which I would propose is that we extend the period of
15 comment for an additional 30 days and specifically the
16 Commission will request written comments from the EPA setting
17 forth their position on this. At the end of that 30 day period
18 the Commission will then renotice this particular Section 080,
19 and the written comments, if any, submitted to the EPA will be
20 available for others to look at. In the meantime if any other
21 persons wish to submit additional comments you may do so. A
22 new notice will be published and then following that the
23 Commission will take action with that particular omission from
24 the record hopefully being completed.

25 Commissioner Foerster, is that agreeable with you?

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1 COMMISSIONER FOERSTER: That's brilliant.

2 CHAIRMAN NORMAN: Very well. Then if -- let me ask one
3 final time then if -- you've heard the position the Commission
4 will be going forward, our next public meeting on Section 110
5 is on the last Wednesday which will be October the 28th of this
6 month. So I would anticipate probably that as a matter of
7 routine business the Commission will bring that up and vote it
8 in if any of you are interested. And as to the remainder we'll
9 proceed as I discussed with inviting comments from the EPA,
10 leaving the record open for an additional 30 days and then at
11 the close of that 30 day period it will be renoticed.

12 If there are no further comments then we will stand
13 adjourned at the hour of 10:00 o'clock a.m.

14 (Recessed - 10:00 a.m.)
15
16
17
18
19
20
21
22
23
24
25

R & R COURT REPORTERS

811 G STREET
(907)277-0572/Fax 274-8982

ANCHORAGE, ALASKA 99501

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

C E R T I F I C A T E

UNITED STATES OF AMERICA)
)ss.
STATE OF ALASKA)

I, Rebecca Nelms, Notary Public in and for the State of Alaska, residing at Anchorage, Alaska, and Reporter for R & R Court Reporters, Inc., do hereby certify:

THAT the annexed and foregoing PUBLIC HEARING was taken by Lynn Hall on the 15th day of October, 2009, commencing at the hour of 9:00 a.m., at the Alaska Oil and Gas Conservation Commission, Anchorage, Alaska;

THAT this Hearing Transcript, as heretofore annexed, is a true and correct transcription of the proceedings taken and transcribed by Lynn Hall;

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal this 20th day of October, 2009.

Notary Public in and for Alaska
My Commission Expires: 10/10/10

R & R C O U R T R E P O R T E R S

811 G STREET
(907)277-0572/Fax 274-8982
ANCHORAGE, ALASKA 99501

NOTICE OF PROPOSED CHANGES IN THE
REGULATIONS OF THE
ALASKA OIL AND GAS CONSERVATION COMMISSION

The Alaska Oil and Gas Conservation Commission (AOGCC) proposes to adopt regulation changes to Title 20 of the Alaska Administrative Code, dealing with the annular disposal of drilling waste (20 AAC 25.080) and suspended wells (20 AAC 25.110). On May 22, 2009, AOGCC published a notice of proposed changes to 20 AAC 25.080; because of substantive changes to the proposed changes, AOGCC is re-noticing them, fully revising (*i.e.*, repealing and readopting) 20 AAC 25.080 as follows:

1. modify the aquifer exemption for the disposal of drilling waste to require that the operator apply for and the U.S. EPA grant the exemption;
2. modify the information that must be submitted with an annular disposal application;
3. modify the limitations and conditions applicable to annular disposal;
4. add a provision for requesting variances and waivers; and
5. delete subsection (i) to recognize AOGCC's authority to regulate annular disposal in water wells associated with oil or gas exploration or production.

In addition, AOGCC proposes to add to 20 AAC 25.110(n) the opportunity for variances and waivers.

Written comments on the proposed regulation changes, including the potential costs of compliance, may be submitted to AOGCC at 333 West 7th Ave., Suite 100, Anchorage, AK 99501. The comments must be received by 5:00 p.m. on October 9, 2009.

Written and/or oral comments may be submitted at a hearing to be held on October 15, 2009, at 333 West 7th Ave., Suite 100, Anchorage, AK. The hearing will be held from 9:00 a.m. to 11:00 a.m. and might be extended to accommodate those present before 9:30 a.m. who did not have an opportunity to comment.

If, because of a disability, a special accommodation is needed to participate in this process, please contact the Commission's Special Assistant, Jody Colombie, at 907-793-1221; 333 West 7th Ave., Suite 100, Anchorage, AK 99501; or jody.colombie@alaska.gov. Ms. Colombie must be contacted by October 6, 2009, at 5:00 p.m. to ensure that necessary accommodations can be provided.

The proposed regulation changes are available at www.aogcc.alaska.gov or by contacting Ms. Colombie at the phone number, physical address, or e-mail address above.

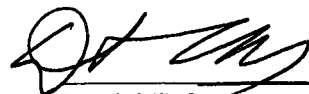
After the public comment period ends, AOGCC will adopt, without notice, these or other provisions dealing with the same subjects or decide to take no action. The language of the proposed and final regulations may be different. YOU SHOULD COMMENT DURING THE TIME ALLOWED IF YOUR INTERESTS COULD BE AFFECTED. Written comments are subject to public inspection.

Statutory Authority: AS 31.05.030; AS 31.05.040; AS 31.05.095

Statutes Being Implemented, Interpreted, or Made Specific: AS 31.05.030; AS 31.05.040; AS 31.05.095


Fiscal Information: The proposed regulation changes are not expected to require an increased appropriation.

DATE: 9/11/9



Daniel T. Seamount, Jr.
Chair

ADDITIONAL REGULATIONS NOTICE INFORMATION
(AS 44.62.190(d))

1. Adopting agency: Alaska Oil and Gas Conservation Commission.
2. General subject of regulations: annular disposal of drilling waste and suspended wells.
3. Citation of regulations: 20 AAC 25.080 and 20 AAC 25.110(n).
4. Reason for the proposed action: update the annular disposal of drilling waste regulations and add opportunities for variances and waivers to the suspended wells regulations.
5. Program category and BRU affected: Alaska Oil and Gas Conservation Commission.
6. Cost of implementation to the state agency: zero.
7. The name of the contact person for the regulations:
Name: Daniel T. Seamount, Jr.
Title: Chair
Address: 333 W. 7th Avenue, Suite 100, Anchorage, AK 99501
Telephone: (907) 793-1221
E-mail: jody.colombie@alaska.gov
8. The origin of the proposed action: agency staff.
9. Date: September 1, 2009.
10. Prepared by: 
Jody J. Colombie
Alaska Oil and Gas Conservation Commission
(907) 793-1221

20 AAC 25.080 is repealed and readopted to read:

20 AAC 25.080. Annular disposal of drilling waste

(a) Drilling waste, as defined in (i) of this section, may not be disposed through the annular space of a well unless authorized by the commission under this section. The operator of a well for which a permit to drill has been issued by the commission may request authorization to dispose of drilling waste through the well's annular space by filing an Annular Disposal Application (Form 10-403AD), including all the information required under (e) of this section.

(b) Annular disposal of drilling waste will be limited to

- (1) 35,000 barrels through the annular space of a single well;
- (2) wastes generated by drilling operations on the same drill pad or platform as the disposal annulus;
- (3) 90 days of actual disposal within a one-year approval period; and
- (4) a one-year period beginning on the date of approval of the Annular Disposal Application.

(c) Drilling waste must not

- (1) migrate from the approved disposal interval;
- (2) impair the mechanical integrity of any well; or

- (3) damage a producing or potentially producing formation or impair the recovery of oil or gas.
- (d) Drilling waste may not be disposed of into any freshwater unless the operator applies for and the United States Environmental Protection Agency grants an aquifer exemption.
- (e) An application for authorization under this section will not be complete unless it includes or references (*i.e.*, if the information is on file with the commission) the following information:
 - (1) a schematic of the well proposed to receive the drilling waste;
 - (2) lists and plats identifying
 - (A) all wells and well branches that penetrate the disposal interval within a one-quarter mile radius of the surface casing shoe of the disposal annulus; the well paths of all wells and well branches must be shown on the plat, and the planar distances from all wells and well branches to the surface casing shoe of the disposal annulus must be provided;
 - (B) all publicly recorded water wells within a one-mile radius of the surface location of the well that would receive the drilling waste; and
 - (C) all operators and surface owners within a one-quarter mile radius of the surface casing shoe of the disposal annulus;
 - (3) the measured and true vertical depths at the base of any freshwater aquifer(s) and permafrost;

- (4) an assessment of shallow seismic information in the area of the receiving well, where available, with an interpretation of faults and other anomalies;
- (5) a stratigraphic description of and off-set well log(s) across the disposal interval showing the drilling waste receiving and confining intervals;
- (6) a description of the drilling waste, including its composition and well source, and the identification of any waste that falls within (i)(3) of this section;
- (7) the estimated density of the drilling waste slurry;
- (8) the anticipated maximum pressure at the surface and at the surface casing shoe during the disposal operations; the calculations showing how the surface casing shoe pressure value was determined must be provided;
- (9) information demonstrating that the inner and outer casing strings have sufficient collapse and burst strength to withstand the maximum anticipated pressure of disposal operations;
- (10) information demonstrating that the surface casing shoe
 - (A) is set below the base of permafrost and any freshwater; and
 - (B) is adequately cemented to provide isolation; the information required under this sub-section must include
 - (i) casing and cementing records for both casings forming the annulus;

- (ii) casing and cementing records for all wells that penetrate the disposal interval within a one-quarter mile radius of the surface casing shoe;
 - (iii) the results of a leak-off test conducted below the surface casing shoe, or, if leak-off is not attained, the results of a formation integrity test conducted below the surface casing shoe;
 - (iv) the results of an injectivity test conducted below the surface casing shoe; and
 - (v) if required by the commission, a cement quality or other log(s);
- (11) a list and description of any uncemented significant hydrocarbon zones within the disposal annulus;
- (12) a list of, description of, and salinity determination for all waters penetrated by the well; salinity determinations must be based upon laboratory measurements or calculation methods described in the "Survey of Methods to Determine Total Dissolved Solids Concentrations," Contract No. 68-03-3416, KEDA Project No. 30-956, U.S. Environmental Protection Agency, Office of Drinking Water;
- (13) if drilling waste was previously disposed of through the annular space of the well, the dates of the disposal operations, the types and volumes of each type of waste disposed of, and the sources of the waste; and
- (14) additional information and analyses required by the commission.
- (f) Annular disposal operations must comply with the following conditions:

- (1) the downhole disposal pressure may not at any time exceed the downhole pressure measured during the formation leak-off test that was conducted below the surface casing shoe unless the commission approves a higher pressure;
- (2) the operator must continuously monitor the following during disposal operations: the types and volumes of each type of waste disposed, disposal rates, surface pressures of the receiving well's disposal annulus, and, as specified by the commission, surface pressures of the annuli of all wells within a one-quarter mile radius of the surface casing shoe of the receiving well and surface pressures of the receiving well's outer annuli and tubing;
- (3) the operator shall immediately cease disposal, notify the commission within 24 hours, and take all appropriate remedial action, including but not limited to any action ordered by the commission, if
 - (A) there is evidence of a breach of the disposal annulus or migration of fluids from the disposal interval;
 - (B) disposal operations pose a threat to well integrity, health or safety, hydrocarbon-bearing zones, correlative rights, or the environment, including freshwater; or
 - (C) there is any unauthorized disposal;
- (4) the operator shall file with the commission an incident report within 10 working days after any incident requiring action under (f)(3) of this section; the incident report shall include a description of any actions taken and the effects and results of those actions; and

- (5) the operator shall comply with any other conditions the commission determines are important to ensure compliance with any limitations or requirements of this section.

(g) The operator shall

- (1) not later than 30 days after each calendar quarter during an authorized disposal operation period, file with the commission a Report of Annular Disposal (Form 10-423); and
- (2) file additional information and analyses as required by the commission.

- (h) Upon written request of the operator, the commission may approve a variance from a requirement of this section if the variance provides at least an equally effective means of complying with the requirement, or a waiver of a requirement of this section if the waiver will not promote waste, is based on sound engineering and geoscience principles, will not jeopardize the ultimate recovery of hydrocarbons, will not jeopardize correlative rights, and will not result in an increased risk to health, safety, or the environment, including freshwater.

- (i) In this section, "drilling waste" means the following substances, unless identified as a "hazardous waste" in 40 C.F.R. 261:

- (1) drilling mud, drilling cuttings, reserve pit fluids, cement-contaminated drilling mud, completion fluids, formation fluids associated with the act of drilling a well permitted under 20 AAC 25.005, and any added water needed to facilitate the pumping of drilling mud or drilling cuttings;
- (2) drill rig wash fluids and drill rig domestic waste water; and

- (3) other substances that the commission determines, upon the operator's written request, are wastes associated with the act of drilling a well permitted under 20 AAC 25.005.

(Eff. 9/22/96, Register 129; am 11/7/99, Register 152; am ____/____/____, Register ____)

Authority: AS 31.05.030 AS 31.05.040

20 AAC 25.110(n) is amended to read:

(n) Upon written request of the operator, the commission may modify a deadline in this section upon a showing of good cause, approve a variance from any other requirement of this section if the variance provides at least an equally effective means of complying with the requirement, or approve a waiver of a requirement of this section if the waiver will not promote waste, is based on sound engineering and geoscience principles, will not jeopardize the ultimate recovery of hydrocarbons, will not jeopardize correlative rights, and will not result in an increased risk to health, safety, or the environment, including freshwater. (Eff.

4/2/86, Register 97; am 11/7/99, Register 152; am 11/19/2008, Register 188; am

____/____/____, Register ____)

Authority: AS 31.05.030 AS 31.05.040 AS 31.05.095

Hearing Testimony
Annular Disposal of Drilling Waste

Winton G. Aubert, Ph.D., P.E.

10/15/2009

Before the Commission today are proposed changes to Title 20, Chapter 25 of the Alaska Administrative Code, which are the AOGCC regulations. Specifically, and upon the Commission's motion, we are proposing repeal and re-adoption of Section 080 of the Commission regulations, entitled "Annular disposal of drilling waste", and a minor addition to Section 110 of the regulations, entitled "Suspended wells".

The proposed addition to regulation Section 110, "Suspended wells", allows the Commission explicit flexibility to vary or waive existing well suspension requirements. This explicit flexibility was, we believe, inadvertently removed from then existing regulations during a 2008 rewrite of Section 110. *Compare 1999: 20 AAC 25.110 (d) (2) with 2008: 20 AAC 25.110 (c) (2)*. We further believe that enacting this proposed change would impose no additional regulatory burden on industry.

Our proposed repeal and re-adoption of Section 080, "Annular disposal of drilling waste", is upon the Commission's motion to clarify the language and improve the logical order of the existing regulation. Before the Commission is actually a re-noticed proposal, that we believe addresses the U.S. Environmental Protection Agency's (EPA's) concern that AOGCC regulations not conflict with Federal law.

Proposed changes to the existing Section 080 include explicit requirements for (1) limiting the time duration of actual annular disposal to 90 days within a one-year approval window; (2) a receiving well schematic; (3) plats of all disposal interval penetrations within the one-quarter-mile area of review around the receiving well; (4) lists of well operators and surface owners within the one-quarter-mile area of review; (5) a shallow seismic data interpretation; (6) proposed waste slurry density; (7) results of a fluid injectivity test; (8) a salinity determination of all waters penetrated by the receiving wellbore; (9) continuous monitoring of physical injection parameters; (10) unusual incident report filing within 10 working days; and (11) modified filing timing for the Report of Annular Disposal (Form 10-423).

Further proposed changes to the existing Section 080 are (1) inclusion of explicit flexibility for Commission-approved variances and waivers, and (2) for waste injection into fresh water (<10,000 mg/L TDS), the requirement of a U.S. Environmental Protection Agency (EPA) aquifer exemption.

Finally, we propose recognizing the AOGCC's authority to regulate annular disposal in water wells associated with oil or gas exploration and production, such as water source wells. This water well oversight was excluded from Commission responsibility in the 1999 regulations.

With respect to aspects of our proposed regulation changes falling under AOGCC oversight, we expect a relatively minor change in regulatory burden will result. We are not prepared to comment on the regulatory burden effect of our proposed "EPA oversight" provision.

<u>NAME</u>	<u>AFFILIATION</u>	<u>PHONE #</u>	<u>TESTIFY (Yes or No)</u>
Don Andrews	EXXON	907-339-6383	NO
Tom Maender	AOGCC	793-1250	NO
Bill Van Dyke	PRA	907 982 2019	No
Winton Aubert	AOGCC	793-1221	Y
RANDALL LANADY	CDA	907-263-4126	NO
HAROLD ENGEL	BPXA	564-4194	YES
RANDAL BUCKENDORT	BPXA	504 5289	YES
Kara Moriarty	ADGA	272 1481	YES
Tim Mayers	EPA-AK	271-3410	NO
THOMAS BALLANTINE	ALN	269-5255	NO
MIKE BILL	BP	564-4692	No

#1

STATE OF ALASKA

NOTICE TO PUBLISHER

ADVERTISING ORDER NO.

ADVERTISING
ORDERINVOICE MUST BE IN TRIPLICATE SHOWING ADVERTISING ORDER NO., CERTIFIED
AFFIDAVIT OF PUBLICATION (PART 2 OF THIS FORM) WITH ATTACHED COPY OF
ADVERTISEMENT MUST BE SUBMITTED WITH INVOICE

AO-03014009

SEE BOTTOM FOR INVOICE ADDRESS

F
R
O
M

AOGCC

333 W 7th Ave, Ste 100
Anchorage, AK 99501
907-793-1238

AGENCY CONTACT

Jody Colombie

PHONE

(907) 793-1221

DATE OF A.O.

September 1, 2009

PCN

DATES ADVERTISEMENT REQUIRED:

September 3, 2009

THE MATERIAL BETWEEN THE DOUBLE LINES MUST BE PRINTED IN
ITS ENTIRETY ON THE DATES SHOWN.

SPECIAL INSTRUCTIONS:

Advertisement to be published was e-mailed

Type of Advertisement Legal ☒ ☐ Display Classified ☐ Other (Specify)

SEE ATTACHED

SEND INVOICE IN TRIPLICATE
TOAOGCC, 333 W. 7th Ave., Suite 100
Anchorage, AK 99501PAGE 1 OF
2 PAGESTOTAL OF
ALL PAGES\$

REF	TYPE	NUMBER	AMOUNT	DATE	COMMENTS
1	VEN				
2	ARD	02910			

FIN	AMOUNT	SY	CC	PGM	LC	ACCT	FY	NMR
								DIST LIQ
1		10	02140100			73451		
2								

REQUISITIONED BY:	DIVISION APPROVAL:
-------------------	--------------------

STATE OF ALASKA

NOTICE TO PUBLISHER

ADVERTISING ORDER NO.

ADVERTISING
ORDER

INVOICE MUST BE IN TRIPPLICATE SHOWING ADVERTISING ORDER NO., CERTIFIED
AFFIDAVIT OF PUBLICATION (PART 2 OF THIS FORM) WITH ATTACHED COPY OF
ADVERTISEMENT MUST BE SUBMITTED WITH INVOICE

AO-03014009

SEE BOTTOM FOR INVOICE ADDRESS

F
R
O
M

AOGCC
333 West 7th Avenue, Suite 100
Anchorage, AK 99501
907-793-1238

AGENCY CONTACT

Jody Colombie
PHONE

(907) 793-1221

DATE OF A.O.

September 1, 2009
PCN

DATES ADVERTISEMENT REQUIRED:

September 3, 2009

THE MATERIAL BETWEEN THE DOUBLE LINES MUST BE PRINTED IN
ITS ENTIRETY ON THE DATES SHOWN.

SPECIAL INSTRUCTIONS:

Account # STOF0330

T
O

Anchorage Daily News
PO Box 149001

Anchorage, AK 99514

AFFIDAVIT OF PUBLICATION

United states of America

State of _____ ss

_____ division.

Before me, the undersigned, a notary public this day personally appeared

_____ who, being first duly sworn, according to law, says that

he/she is the _____ of _____

Published at _____ in said division _____ and

state of _____ and that the advertisement, of which the annexed is

a true copy, was published in said publication on the _____ day of

_____ 2009, and thereafter for _____ consecutive days, the last publication

appearing on the _____ day of _____, 2009, and that the rate

charged thereon is not in excess of the rate charged private individuals.

Subscribed and sworn to before me

This _____ day of _____ 2009,

Notary public for state of _____

My commission expires _____

REMINDER

INVOICE MUST BE IN TRIPPLICATE AND MUST REFERENCE
THE ADVERTISING ORDER NUMBER.

A CERTIFIED COPY OF THIS AFFIDAVIT OF PUBLICATION
MUST BE SUBMITTED WITH THE INVOICE.

ATTACH PROOF OF PUBLICATION HERE.

NOTICE OF PROPOSED CHANGES IN THE
REGULATIONS OF THE
ALASKA OIL AND GAS CONSERVATION COMMISSION

The Alaska Oil and Gas Conservation Commission (AOGCC) proposes to adopt regulation changes to Title 20 of the Alaska Administrative Code, dealing with the annular disposal of drilling waste (20 AAC 25.080) and suspended wells (20 AAC 25.110). On May 22, 2009, AOGCC published a notice of proposed changes to 20 AAC 25.080; because of substantive changes to the proposed changes, AOGCC is re-noticing them, fully revising (*i.e.*, repealing and readopting) 20 AAC 25.080 as follows:

1. modify the aquifer exemption for the disposal of drilling waste to require that the operator apply for and the U.S. EPA grant the exemption;
2. modify the information that must be submitted with an annular disposal application;
3. modify the limitations and conditions applicable to annular disposal;
4. add a provision for requesting variances and waivers; and
5. delete subsection (i) to recognize AOGCC's authority to regulate annular disposal in water wells associated with oil or gas exploration or production.

In addition, AOGCC proposes to add to 20 AAC 25.110(n) the opportunity for variances and waivers.

Written comments on the proposed regulation changes, including the potential costs of compliance, may be submitted to AOGCC at 333 West 7th Ave., Suite 100, Anchorage, AK 99501. The comments must be received by 5:00 p.m. on October 9, 2009.

Written and/or oral comments may be submitted at a hearing to be held on October 15, 2009, at 333 West 7th Ave., Suite 100, Anchorage, AK. The hearing will be held from 9:00 a.m. to 11:00 a.m. and might be extended to accommodate those present before 9:30 a.m. who did not have an opportunity to comment.

If, because of a disability, a special accommodation is needed to participate in this process, please contact the Commission's Special Assistant, Jody Colombie, at 907-793-1221; 333 West 7th Ave., Suite 100, Anchorage, AK 99501; or jody.colombie@alaska.gov. Ms. Colombie must be contacted by October 6, 2009, at 5:00 p.m. to ensure that necessary accommodations can be provided.

The proposed regulation changes are available at www.aogcc.alaska.gov or by contacting Ms. Colombie at the phone number, physical address, or e-mail address above.

After the public comment period ends, AOGCC will adopt, without notice, these or other provisions dealing with the same subjects or decide to take no action. The language of the proposed and final regulations may be different. **YOU SHOULD COMMENT DURING THE TIME ALLOWED IF YOUR INTERESTS COULD BE AFFECTED.** Written comments are subject to public inspection.

Statutory Authority: AS 31.05.030; AS 31.05.040; AS 31.05.095

Statutes Being Implemented, Interpreted, or Made Specific: AS 31.05.030; AS 31.05.040; AS 31.05.095


Fiscal Information: The proposed regulation changes are not expected to require an increased appropriation.

DATE:

9/1/9


Daniel T. Seamount, Jr.
Chair

ADDITIONAL REGULATIONS NOTICE INFORMATION
(AS 44.62.190(d))

1. Adopting agency: Alaska Oil and Gas Conservation Commission.
2. General subject of regulations: annular disposal of drilling waste and suspended wells.
3. Citation of regulations: 20 AAC 25.080 and 20 AAC 25.110(n).
4. Reason for the proposed action: update the annular disposal of drilling waste regulations and add opportunities for variances and waivers to the suspended wells regulations.
5. Program category and BRU affected: Alaska Oil and Gas Conservation Commission.
6. Cost of implementation to the state agency: zero.
7. The name of the contact person for the regulations:
Name: Daniel T. Seamount, Jr.
Title: Chair
Address: 333 W. 7th Avenue, Suite 100, Anchorage, AK 99501
Telephone: (907) 793-1221
E-mail: jody.colombie@alaska.gov
8. The origin of the proposed action: agency staff.
9. Date: September 1, 2009.
10. Prepared by: 
Jody J. Colombie
Alaska Oil and Gas Conservation Commission
(907) 793-1221

20 AAC 25.080 is repealed and readopted to read:

20 AAC 25.080. Annular disposal of drilling waste

(a) Drilling waste, as defined in (i) of this section, may not be disposed through the annular space of a well unless authorized by the commission under this section. The operator of a well for which a permit to drill has been issued by the commission may request authorization to dispose of drilling waste through the well's annular space by filing an Annular Disposal Application (Form 10-403AD), including all the information required under (e) of this section.

(b) Annular disposal of drilling waste will be limited to

- (1) 35,000 barrels through the annular space of a single well;
- (2) wastes generated by drilling operations on the same drill pad or platform as the disposal annulus;
- (3) 90 days of actual disposal within a one-year approval period; and
- (4) a one-year period beginning on the date of approval of the Annular Disposal Application.

(c) Drilling waste must not

- (1) migrate from the approved disposal interval;
- (2) impair the mechanical integrity of any well; or

- (3) damage a producing or potentially producing formation or impair the recovery of oil or gas.
- (d) Drilling waste may not be disposed of into any freshwater unless the operator applies for and the United States Environmental Protection Agency grants an aquifer exemption.
- (e) An application for authorization under this section will not be complete unless it includes or references (*i.e.*, if the information is on file with the commission) the following information:
 - (1) a schematic of the well proposed to receive the drilling waste;
 - (2) lists and plats identifying
 - (A) all wells and well branches that penetrate the disposal interval within a one-quarter mile radius of the surface casing shoe of the disposal annulus; the well paths of all wells and well branches must be shown on the plat, and the planar distances from all wells and well branches to the surface casing shoe of the disposal annulus must be provided;
 - (B) all publicly recorded water wells within a one-mile radius of the surface location of the well that would receive the drilling waste; and
 - (C) all operators and surface owners within a one-quarter mile radius of the surface casing shoe of the disposal annulus;
 - (3) the measured and true vertical depths at the base of any freshwater aquifer(s) and permafrost;

- (4) an assessment of shallow seismic information in the area of the receiving well, where available, with an interpretation of faults and other anomalies;
- (5) a stratigraphic description of and off-set well log(s) across the disposal interval showing the drilling waste receiving and confining intervals;
- (6) a description of the drilling waste, including its composition and well source, and the identification of any waste that falls within (i)(3) of this section;
- (7) the estimated density of the drilling waste slurry;
- (8) the anticipated maximum pressure at the surface and at the surface casing shoe during the disposal operations; the calculations showing how the surface casing shoe pressure value was determined must be provided;
- (9) information demonstrating that the inner and outer casing strings have sufficient collapse and burst strength to withstand the maximum anticipated pressure of disposal operations;
- (10) information demonstrating that the surface casing shoe
 - (A) is set below the base of permafrost and any freshwater; and
 - (B) is adequately cemented to provide isolation; the information required under this sub-section must include
 - (i) casing and cementing records for both casings forming the annulus;

- (ii) casing and cementing records for all wells that penetrate the disposal interval within a one-quarter mile radius of the surface casing shoe;
 - (iii) the results of a leak-off test conducted below the surface casing shoe, or, if leak-off is not attained, the results of a formation integrity test conducted below the surface casing shoe;
 - (iv) the results of an injectivity test conducted below the surface casing shoe; and
 - (v) if required by the commission, a cement quality or other log(s);
- (11) a list and description of any uncemented significant hydrocarbon zones within the disposal annulus;
- (12) a list of, description of, and salinity determination for all waters penetrated by the well; salinity determinations must be based upon laboratory measurements or calculation methods described in the "Survey of Methods to Determine Total Dissolved Solids Concentrations," Contract No. 68-03-3416, KEDA Project No. 30-956, U.S. Environmental Protection Agency, Office of Drinking Water;
- (13) if drilling waste was previously disposed of through the annular space of the well, the dates of the disposal operations, the types and volumes of each type of waste disposed of, and the sources of the waste; and
- (14) additional information and analyses required by the commission.
- (f) Annular disposal operations must comply with the following conditions:

- (1) the downhole disposal pressure may not at any time exceed the downhole pressure measured during the formation leak-off test that was conducted below the surface casing shoe unless the commission approves a higher pressure;
- (2) the operator must continuously monitor the following during disposal operations: the types and volumes of each type of waste disposed, disposal rates, surface pressures of the receiving well's disposal annulus, and, as specified by the commission, surface pressures of the annuli of all wells within a one-quarter mile radius of the surface casing shoe of the receiving well and surface pressures of the receiving well's outer annuli and tubing;
- (3) the operator shall immediately cease disposal, notify the commission within 24 hours, and take all appropriate remedial action, including but not limited to any action ordered by the commission, if
 - (A) there is evidence of a breach of the disposal annulus or migration of fluids from the disposal interval;
 - (B) disposal operations pose a threat to well integrity, health or safety, hydrocarbon-bearing zones, correlative rights, or the environment, including freshwater; or
 - (C) there is any unauthorized disposal;
- (4) the operator shall file with the commission an incident report within 10 working days after any incident requiring action under (f)(3) of this section; the incident report shall include a description of any actions taken and the effects and results of those actions; and

- (5) the operator shall comply with any other conditions the commission determines are important to ensure compliance with any limitations or requirements of this section.

(g) The operator shall

- (1) not later than 30 days after each calendar quarter during an authorized disposal operation period, file with the commission a Report of Annular Disposal (Form 10-423); and
- (2) file additional information and analyses as required by the commission.

- (h) Upon written request of the operator, the commission may approve a variance from a requirement of this section if the variance provides at least an equally effective means of complying with the requirement, or a waiver of a requirement of this section if the waiver will not promote waste, is based on sound engineering and geoscience principles, will not jeopardize the ultimate recovery of hydrocarbons, will not jeopardize correlative rights, and will not result in an increased risk to health, safety, or the environment, including freshwater.

- (i) In this section, "drilling waste" means the following substances, unless identified as a "hazardous waste" in 40 C.F.R. 261:

- (1) drilling mud, drilling cuttings, reserve pit fluids, cement-contaminated drilling mud, completion fluids, formation fluids associated with the act of drilling a well permitted under 20 AAC 25.005, and any added water needed to facilitate the pumping of drilling mud or drilling cuttings;
- (2) drill rig wash fluids and drill rig domestic waste water; and

- (3) other substances that the commission determines, upon the operator's written request, are wastes associated with the act of drilling a well permitted under 20 AAC 25.005.

(Eff. 9/22/96, Register 129; am 11/7/99, Register 152; am ____/____/____, Register ____)

Authority: AS 31.05.030 AS 31.05.040

20 AAC 25.110(n) is amended to read:

(n) Upon written request of the operator, the commission may modify a deadline in this section upon a showing of good cause, approve a variance from any other requirement of this section if the variance provides at least an equally effective means of complying with the requirement, or approve a waiver of a requirement of this section if the waiver will not promote waste, is based on sound engineering and geoscience principles, will not jeopardize the ultimate recovery of hydrocarbons, will not jeopardize correlative rights, and will not result in an increased risk to health, safety, or the environment, including freshwater. (Eff.

4/2/86, Register 97; am 11/7/99, Register 152; am 11/19/2008, Register 188; am

____/____/____, Register ____)

Authority: AS 31.05.030 AS 31.05.040 AS 31.05.095